Preliminary Placement Document
Subject to Completion
Not for Circulation and Strictly Confidential
Serial Number: [●]

SANSERA ideas@work

SANSERA ENGINEERING LIMITED

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Corporate Identity Number: L34103KA1981PLC004542 ; **Contact Person**: Rajesh Kumar Modi, Company Secretary and Compliance Officer

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. This Preliminary Placement Document is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

*Our Company was incorporated as "Sansera Engineering Private Limited" on December 15, 1981, at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bengaluru ("**RoC**"). Thereafter, pursuant to the conversion of our Company to a public limited company, in accordance with the special resolution passed by our Shareholders dated June 19, 2018, the name of our Company was changed to "Sansera Engineering Limited" and the RoC issued a fresh certificate of incorporation on June 29, 2018. For further details, see "General Information" on 373.*

Our Company is issuing up to [●] equity shares of face value of ₹2 each ("**Equity Shares**") at a price of ₹[●] per Equity Share (the "**Issue Price**"), including a premium of ₹[●] per Equity Share, aggregating up to ₹[●] million* (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 51.

** Subject to allotment of Equity Shares pursuant to the Issue.*

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

The Equity Shares are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with NSE, the "**Stock Exchanges**"). The closing price of the Equity Shares on BSE and NSE as on October 9, 2024, was ₹1,619.10 and ₹1,619.65 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue have been received by our Company from each of BSE and NSE on October 10, 2024. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

Except for this Preliminary Placement Document, the information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the Book Running Lead Managers (as defined hereinafter) and their respective affiliates or agents does not form part of this Preliminary Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the RoC, within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 55, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document and the Placement Document, the Application Form and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 325. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in 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 any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. See "*Selling Restrictions*" on page 343 for information about eligible offerees for the Issue and "*Purchaser Representations and Transfer Restrictions*" on page 353 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Preliminary Placement Document is dated October 10, 2024.

BOOK RUNNING LEAD MANAGERS	
ICICI Securities	NOMURA
ICICI Securities Limited	**Nomura Financial Advisory and Securities (India) Private Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries, Associate and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries, Associate and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries, Associate and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company, our Subsidiaries and Associate. There are no other facts in relation to our Company, our Subsidiaries, Associate and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company, our Subsidiaries, Associate nor the Book Running Lead Managers have any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. ICICI Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited (together, the "**Book Running Lead Managers**" **or** "**BRLMs**") have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers and/or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries, Associate and the Equity Shares or its distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on any of the Book Running Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiaries, Associate and the merits and risks involved in investing in the Equity Shares Offered in the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the Book Running Lead Managers.

The Equity Shares to be issued pursuant to this Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in certain jurisdictions.

Subscribers and purchasers of the Securities offered in the Issue will be deemed to make the representations, warranties, acknowledgements and agreements set forth in, and the Securities are transferable only in accordance with, the restrictions described in the sections titled "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" beginning on pages 7, 343 and 353, respectively of this Preliminary Placement Document.

The information contained in this Preliminary Placement Document have been provided by our Company and from other sources identified herein. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Managers or their respective representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares offered in the Issue may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Book Running Lead Managers that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than in India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material issued in connection with the Issue may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in 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 any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. As such, any reproduction or distribution of this Preliminary Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person in the United States is prohibited. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 343.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, Associate, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company and the Book Running Lead Managers are not making any representation to any investor, purchaser or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India.

Neither our Company nor the Book Running Lead Managers is liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs (as defined hereinafter) are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereafter) and the QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations (as defined hereafter) and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

The information on our Company's websites, viz., www.sansera.in, any website directly or indirectly linked to the website of our Company or to the website of the Book Running Lead Managers or any of their respective affiliates or agents, other than this Preliminary Placement Document, does not and shall not

constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section are to the prospective Bidders in this Issue. By Bidding for and/or subscribing to any Equity Shares offered in this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 343 and 353, respectively, and have represented, warranted and acknowledged to and agreed to our Company and to the Book Running Lead Managers, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or our Subsidiaries or our Associate which is not set forth in this Preliminary Placement Document;

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (as defined hereafter) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document having a valid and existing registration with SEBI under the applicable laws in India and are not an individual, corporate body or a family office, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the SEBI FPI Regulations, FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI (as defined hereinafter) including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI (as defined hereinafter), subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations (as defined hereinafter). Since FVCIs (as defined hereinafter) are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment (as hereinafter defined), sell the Equity Shares so acquired, except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. You hereby make the representations, warranties, acknowledgements, undertakings and agreements in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 343 and 353, respectively;

- You are aware that this Preliminary Placement Document and the Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy (as defined hereinafter) and press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules. You confirm that no approval from the government is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You are aware that, our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Managers. The Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association (as defined hereinafter) and Articles of Association (as defined hereinafter) and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- You acknowledge that all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. You acknowledge that such forward-looking statements are based on numerous assumptions regarding our perspective present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. You acknowledge that none of our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of such Equity Shares shall be at the discretion of our Company, in consultation with the Book Running Lead Managers;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers;

- You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges;

- You are aware that if together with any other Eligible QIBs belonging to the same group or under common control, you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 55;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of us and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares) offered in this Issue. You will obtain your own independent tax advice from a reputable service provider solely engaged by you and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, including the complete loss on the investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) have no need for liquidity with respect to the investment in the Equity Shares, and (iv) you are seeking to subscribe to the Equity Shares in the issue for your investment purposes and not with a view to resell or distribute such Equity Shares and have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoters', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board (as defined hereinafter), other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly undertaken to use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates nor any person acting on their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any other person, and the Book Running Lead Managers or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares offered in the Issue in accordance with the restrictions described in "*Selling Restrictions*" on page 343 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 343;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 353 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 353;

- You agree that any dispute arising in connection with the Issue shall be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Bengaluru, India shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with this Preliminary Placement Document, the Placement Document and this Issue;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers;

- You represent that you are not an affiliate of our Company or the Book Running Lead Managers or a person acting on behalf of such affiliate. However, affiliates of the Book Running Lead Managers, who are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 13;

- Our Company, the Book Running Lead Managers, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers;

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue; and

- You agree to indemnify and hold our Company, the Book Running Lead Managers and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the Book Running Lead Managers, who are registered as Category I FPIs may issue, subscribe to 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 in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPI may receive compensation from the purchasers of such instruments. An FPI will collect the regulatory fee of USD 1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of offshore derivative instrument issued by it and deposit such regulatory fee with SEBI by way of electronic transfer in the designated bank account of SEBI. In terms of Regulation 21 of SEBI FPI Regulations, Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control,) is not permitted to be 10.00% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, issued the FPI Operational Guidelines, to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments position held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms

and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

Please also refer to the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" beginning on pages 343 and 353, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Stock Exchanges

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Subsidiaries, Associate the Promoters of our Company, our management or any scheme or project of our Company

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription / acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to ‘you’, ‘your’, ‘offeree’, ‘purchaser’, ‘subscriber’, ‘recipient’, ‘investor(s)’, ‘prospective investor(s)’ and ‘potential investor(s)’, “bidder” are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to ‘our Company’, ‘Company’, ‘the Company’ and the ‘Issuer’, are to Sansera Engineering Limited and references to ‘we’, ‘us’ or ‘our’ are to our Company together with our Subsidiaries and Associate on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, references to ‘₹’, ‘INR’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of Republic of India, references to ‘US$’, ‘USD’ and ‘U.S. dollars’ are to the legal currency of the United States of America, all references to “EURO”, “€” and “EUR” are to the legal currency of the European Union and all references to “SEK” are to the legal currency of republic of Sweden. All references herein to “India” are to the Republic of India and its territories and possessions and all references herein to the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable. All references herein to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, all references to page numbers in this Preliminary Placement Document are to the page numbers of this Preliminary Placement Document.

All the numbers in this Preliminary Placement Document have been presented in million, unless stated otherwise. One million represents 1,000,000. Where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Preliminary Placement Document expressed in such denominations as provided in their respective sources. However, our Financial Statements are presented in ₹ million.

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Financial data and other information

Our Company publishes its financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular ‘financial year’, “Fiscal” or “Fiscal Year” or “FY”, are to the twelve-month period ended on March 31 of that year and references to a particular ‘year’ are to the calendar year ending on December 31 of that year.

Our Company has published its audited consolidated financial statements as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, the unaudited condensed interim consolidated financial statements as of and for the three months ended June 30, 2024, and the statement of consolidated unaudited financial results for the three months ended June 30, 2023. As required under the applicable regulations, we have included the following in this Preliminary Placement Document:

i. audited consolidated financial statements of our Company and its Subsidiaries (together referred as the “**Group**”) and the Group’s associate as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act and other accounting principles generally accepted in India (collectively, the “**Audited Consolidated Financial Statements**”);

ii. unaudited condensed interim consolidated financial statements of our Group and its associate as of and for the three months ended June 30, 2024 prepared in accordance with Ind AS 34 “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India (the "**Unaudited Condensed Interim Consolidated Financial Statements**"); and

iii. the statement of consolidated unaudited financial results for the three months ended June 30, 2023, prepared in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and in terms of Regulation 33 of the SEBI Listing Regulations ("**Unaudited Interim Consolidated Financial Results**").

The audited consolidated financial statements as at and for Fiscals 2024, 2023 and 2022 have been audited by our Statutory Auditors, on which they have issued audit reports dated May 16, 2024, May 22, 2023 and May 23, 2022, respectively. Further, review of the Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Results have been carried out by the Statutory Auditors, on which they have issued review reports dated October 9, 2024 and August 1, 2023, respectively.

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Condensed Interim Consolidated Financial Statements should be read along with the corresponding review report. The Unaudited Condensed Interim Consolidated Financial Statements have been subjected to review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**"). Further, our Unaudited Condensed Interim Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

In this Preliminary Placement Document, unless the context requires otherwise or unless stated otherwise, all financial information has been derived from the following financial statements/financial results, respectively:

- as at and for the three months period ended June 30, 2024 is derived from the Unaudited Condensed Interim Consolidated Financial Statements;
- for the three months period ended June 30, 2023 is derived from the Unaudited Interim Consolidated Financial Results;
- as at and for the year ended March 31, 2024 is derived from the Fiscal 2024 Audited Consolidated Financial Statements;
- as at and for the year ended March 31, 2023 is derived from the Fiscal 2023 Audited Consolidated Financial Statements; and
- as at and for the year ended March 31, 2022 is derived from the Fiscal 2022 Audited Consolidated Financial Statements.

The consolidated financial information as at and of the three months ended June 30, 2024 and for the three months ended June 30, 2023 are not comparable with our annual consolidated financial information presented herein.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Condensed Interim Consolidated Financial Statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision.

Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Non-GAAP financial measures

We have included certain non-GAAP financial measures relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**"), including Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, EBIT, EBIT Margin, PAT Margin, Adjusted Net Debt, Adjusted Net Debt to Equity Ratio and Adjusted RoCE, in this Preliminary Placement Document which are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the refractory businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Statements*" on page 375.

INDUSTRY AND MARKET DATA

The statistical information, macro-economic, industry and market data and all other industry related statements used throughout this Preliminary Placement Document has been obtained from the report titled "*Assessment of Market Potential for Specific Precision Engineering Components*" dated October, 2024 (the "**CRISIL Report**"), which is a report commissioned and paid for by our Company and prepared and issued by CRISIL MI&A pursuant to an engagement letter dated September 10, 2024, exclusively in connection with the Issue. Neither CRISIL MI&A nor CRISIL Limited are related parties of the Company, the Promoters, the Directors or the BRLMs, as defined under Section 2(76) of the Companies Act.

The CRISIL Report contains the following disclaimer:

"*About CRISIL Market Intelligence & Analytics*

CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited, provides independent research, consulting, risk solutions, and data & analytics to its clients. CRISIL MI&A operates independently of CRISIL's other divisions and subsidiaries, including, CRISIL Ratings Limited. CRISIL MI&A's informed insights and opinions on the economy, industry, capital markets and companies drive impactful decisions for clients across diverse sectors and geographies. CRISIL MI&A's strong benchmarking capabilities, granular grasp of sectors, proprietary analytical frameworks and risk management solutions backed by deep understanding of technology integration, makes it the partner of choice for public & private organisations, multi-lateral agencies, investors and governments for over three decades.

For the preparation of this report, CRISIL MI&A has relied on third party data and information obtained from sources which in its opinion are considered reliable. Any forward-looking statements contained in this report are based on certain assumptions, which in its opinion are true as on the date of this report and could fluctuate due to changes in factors underlying such assumptions or events that cannot be reasonably foreseen. This report does not consist of any investment advice and nothing contained in this report should be construed as a recommendation to invest/disinvest in any entity. The Company will be responsible for ensuring compliances and for use of the Report or part thereof outside India."

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Statistical and industry data in this Preliminary Placement Document are derived from the CRISIL Report, which was commissioned by our Company for the purpose of the Issue for an agreed fee. The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions.*" on page 85.

References to various segments in the CRISIL Report and information derived therefrom are references to industry segments and in accordance with the presentation, analysis and categorization in the CRISIL Report. Our segment reporting in our financial statements is based on the criteria set out in Ind AS 108, Operating Segments and we do not present such industry segments as operating segments.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled "*Our Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the CRISIL Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Book Running Lead Managers can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute '*forward-looking statements*'. Investors can generally identify forward-looking statements by terminology such as '*aim*', '*anticipate*', '*believe*', '*continue*', '*can*', '*could*', '*estimate*', '*expect*', '*intend*', '*may*', '*objective*', '*plan*', '*potential*', '*project*'', '*pursue*', '*shall*', '*should*', '*will*', '*would*', '*will likely result*', '*is likely*', '*are likely*', '*believe*', '*expect*', '*expected to*', '*will continue*', '*will achieve*', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. 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. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others include:

- Lack of firm commitment long – term supply agreements with our customers;
- Dependence on the sale of our products to certain key customers;
- Pricing pressure from our customers;
- Derivation of a substantial portion of our revenue from key product families especially connecting rods;
- Development of technologically advanced products involves a lengthy and expensive process with uncertain timelines and outcomes;
- Failure to adapt to industry trends and evolving technologies;
- Failure to keep technical knowledge confidential; and
- Dependence on our Key Managerial Personnel, Senior Management and other personnel with technical expertise.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 55, 115, 165 and 263, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the Book Running Lead Managers nor any of their respective affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual financial condition, results of operations or cash flows could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company limited by shares incorporated under the laws of India. Nearly all of our Directors, Key Managerial Personnel and Senior Management Personnel named herein are residents of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A, respectively, of the Civil Procedure Code, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards (even if such an award is enforceable as a decree or judgement). The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code.

A total of 11 territories have been declared to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code by the Government of India, comprising United Kingdom, Aden, Fiji, Republic of Singapore, Federation of Malaysia, Trinidad and Tobago, New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa, Hong Kong, Papua New Guinea, Bangladesh and United Arab Emirates. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment.

A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), for the years / periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Limited ("**FBIL**"), which are available on the website of the RBI and FBIL, respectively. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

I. US Dollar

(₹ per US$)

	Period end(1)	Average(2)	High(3)	Low(4)
Fiscal*				
2024	83.37	82.79	83.40	81.65
2023	82.22	80.51	83.20	76.09
2022	75.81	74.51	76.92	72.48
Month ended*				
September 30, 2024	83.79	83.81	83.98	83.49
August 31, 2024	83.87	83.90	83.97	83.73
July 31, 2024	83.74	83.59	83.74	83.40
June 30, 2024	83.45	83.47	83.59	83.07
May 31, 2024	83.30	83.39	83.52	83.08
April 30, 2024	83.52	83.41	83.52	83.23

(Source: www.fbil.org.in and www.rbi.org.in)

II. Euro

	Period end(1)	Average(2)	High(3)	Low(4)
Fiscal*				
2024	90.22	89.80	92.45	87.07
2023	89.61	83.76	90.26	78.34
2022	84.66	86.56	90.51	83.48
Month ended*				
September 30, 2024	93.53	93.07	93.53	92.55
August 31, 2024	92.91	92.41	93.77	90.47
July 31, 2024	90.62	90.59	91.44	89.64
June 30, 2024	89.25	89.89	91.02	89.25
May 31, 2024	90.12	90.10	90.83	89.48
April 30, 2024	89.34	89.44	90.49	88.56

Notes:
(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;
(2) Represents the average of the official rate for each working day of the relevant period;
(3) Maximum of the official rate for each working day of the relevant period; and
(4) Minimum of the official rate for each working day of the relevant period.
** In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI / FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder unless specified otherwise in the context thereof. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA (as defined hereinafter), the Depositories Act (as defined hereinafter), or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections on pages 362, 165, 375 and 369, respectively.

General terms

Term	Description
"Issuer", or "our Company" or "the Company"	Sansera Engineering Limited, a company incorporated under the Companies Act, 1956 and having its registered and corporate office at Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries and Associate

Company related terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company, as amended from time to time
Associate	MMRFIC Technology Private Limited
Audit Committee	The audit committee of our Board, as disclosed in "*Board of Directors and Senior Management*" on page 310
Audited Consolidated Financial Statements	Collectively, the Fiscal 2024 Audited Consolidated Financial Statements, the Fiscal 2023 Audited Consolidated Financial Statements and the Fiscal 2022 Audited Consolidated Financial Statements.
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof, as the context may require
Chairman and Managing Director	The Chairman and Managing Director of our Company, Subramonia Sekhar Vasan
Chief Financial Officer	The chief financial officer of our Company, Vikas Goel
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Rajesh Kumar Modi
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, as disclosed in "*Board of Directors and Senior Management*" on page 310
CRISIL MI&A	CRISIL Market Intelligence & Analytics, a division of CRISIL Limited
CRISIL Report	Report titled "*Assessment of Market Potential for Specific Precision Engineering Components*" dated October 2024, which has been commissioned and paid for by our Company and prepared and issued by CRISIL MI&A pursuant to an engagement letter dated September 10, 2024, exclusively in connection with the Issue.
Director(s)	The director(s) on the Board of our Company
Dividend Distribution Policy	The dividend distribution policy of our Company. For further details, see "*Dividends*" on page 114
Equity Share(s)	The equity shares of our Company, having a face value of ₹2 each
ESOP Plan 2015	Sansera Employee Stock Option Plan, 2015
ESOP Plan 2018	Sansera Employee Stock Option Plan, 2018
Executive Director(s)	The executive directors of our Company. For further details of the Executive Directors, see "*Board of Directors and Senior Management*" on page 310
Fiscal 2024 Audited Consolidated Financial Statements	Our audited consolidated financial statements as at and for the year ended March 31, 2024 comprising the consolidated balance sheet as at March 31, 2024, the consolidated statement of profit and loss including other comprehensive income, the consolidated

Term	Description
	statement of cash flow and the consolidated statement of changes in equity for the year ended March 31, 2024 read along with the notes thereto, including a summary of material accounting policies and other explanatory information prepared in accordance with Ind AS
Fiscal 2023 Audited Consolidated Financial Statements	Our audited consolidated financial statements as at and for the year ended March 31, 2023 comprising the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss including other comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year ended March 31, 2023 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS
Fiscal 2022 Audited Consolidated Financial Statements	Our audited consolidated financial statements as at and for the year ended March 31, 2022 comprising the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss including other comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year ended March 31, 2022 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS
Financial Statements	Collectively, the Audited Consolidated Financial Statements, the Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Results
Independent Director(s)	Independent director(s) on the Board and eligible to be appointed as independent director(s) under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. For further details of the Independent Directors, see "*Board of Directors and Senior Management*" on page 310
Joint Managing Director	The joint managing director of our Company, Fatheraj Singhvi
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in "*Board of Directors and Senior Management*" on page 310
MoA / Memorandum / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 310
Non – Executive Director(s)	The non-executive directors of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 310
Promoters	The promoters of our Company in terms of the SEBI ICDR Regulations and the Companies Act, namely, Subramonia Sekhar Vasan, Fatheraj Singhvi, Unni Rajagopal Kothenath and Devappa Devaraj
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered and Corporate Office	The registered office of our Company which is located at Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India
Risk Management Committee	The risk management committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 310
RoC / Registrar of Companies	The Registrar of Companies, Karnataka at Bengaluru
Senior Management Personnel	Senior management of our Company as disclosed in "*Board of Directors and Senior Management*" on page 310
Series A CCPS	Series A compulsorily convertible preference shares of face value of ₹100 each of our Company
Series B CCPS	Series B compulsorily convertible preference shares of face value of ₹100 each of our Company
Shareholder(s)	The holder(s) of the Equity Shares of our Company, from time to time, unless otherwise specified in the context thereof.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 310
Statutory Auditors	Current statutory auditors of our Company, M/s. Deloitte Haskins & Sells, Chartered Accountants
Subsidiaries	The subsidiaries of our Company as of the date of this Preliminary Placement Document, namely Fitwel Tools and Forgings Private Limited, Sansera Engineering Limited, Mauritius and Sansera Sweden AB
Unaudited Condensed Interim Consolidated Financial Statements	The unaudited condensed interim consolidated financial statements of our Group and its associate as of and for the three months ended June 30, 2024 prepared in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting

Term	Description
	principles generally accepted in India
Whole time Director and Group CEO	The whole time director and group chief executive officer of our Company, Bindiganavile Raghunath Preetham.
Unaudited Interim Consolidated Financial Results	The statement of consolidated unaudited financial results for the three months ended June 30, 2023, prepared in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and in terms of Regulation 33 of the SEBI Listing Regulations

Issue related terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares by our Company, in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the Book Running Lead Managers and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot / Allotment / Allotted	The issue and allotment of Equity Shares pursuant to this Issue
Allottees	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term "Bidding" shall be construed accordingly
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid / Issue Closing Date	The date after which our Company (or Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount, being [●], 2024
Bid / Issue Opening Date	The date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Bid Amount, being October 10, 2024
Bid / Issue Period	Period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Bid Amount
Bidder(s)	Any prospective investor, being an Eligible QIB who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Book Running Lead Managers / BRLMs	ICICI Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited
CAN / Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about [●], 2024
Designated Date	The date of credit of Equity Shares to the Allottees' demat accounts pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an Eligible FPI participating through Schedule II of the FEMA Rules. However, FVCIs are not permitted to participate in the Issue. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions" as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted to unsuccessful bidder and Bidders who paid any excess Bid Amount, as set out in the Application Form
Escrow Agent	HDFC Bank Limited
Escrow Agreement	The escrow agreement dated October 10, 2024 entered into amongst our Company, the Escrow Agent and the Book Running Lead Managers for collection of the Bid Amounts

Term	Description
	and remitting refunds, if any, of the amounts collected, to the Bidders in relation to the Issue.
Floor Price	The floor price of ₹1,635.48 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders of our Company accorded by way of a special resolution at the AGM held on September 26, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
Issue	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	₹[●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹[●] million
Monitoring Agency	ICRA Limited
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Monitoring Agency Agreement	Agreement dated October 10, 2024 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the proceeds of the Issue
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	The placement agreement dated October 10, 2024 entered into between our Company and the Book Running Lead Managers
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
Preliminary Placement Document	This preliminary placement document along with the Application Form dated October 10, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation Letter	The letter from the Company to relevant Bidders intimating them of the Refund Amount, if any, to be refunded to their respective bank accounts on the date of issuance of CAN
Relevant Date	October 10, 2024, which is the date of the meeting wherein the Board of Directors, decides to open the Issue
Stock Exchanges / Indian Stock Exchanges	Collectively, BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are Allocated Equity Shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Technical, industry and other terms

Term	Description
2W	Two-wheeler
3W	Three-wheeler
ATV	All-terrain vehicle
Auto – Tech Agnostic	Components that can be used in ICE vehicles and xEV
BEV	Battery electric vehicle

Term	Description
CNC	Computer numerical control
CV	Commercial vehicle
CVT	Continuously variable transmission
DCT	Dual clutch transmission
e-2W	Electric two-wheeler
EV	Electric vehicle
FAME	Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles
FCEV	Fuel cell electric vehicle
GVW	Gross vehicle weight
HCV	Heavy commercial vehicle
ICE	Internal combustion engine
LCV	Light commercial vehicle
Light Vehicle(s)	Passenger vehicles with gross vehicle weight of 3.5 tonnes or less
MHCV	Medium and heavy commercial vehicle
OEM	Original equipment manufacturer
Order Book	The annual revenue we expect to realise from orders considering the matured volume indicated by our customers
PLI Scheme	Production Linked Incentive Scheme, a scheme providing producers in various industries with incentives to boost domestic manufacturing and exports.
PV	Passenger vehicle
SCADA	Supervisory control & data acquisition
SIAM	Society of Indian Automobile Manufacturers
SPM	Special purpose machine
takt time	The average time between the start of production of one piece of component and the start of production of the next piece
Tier-1	Suppliers that supply directly to OEMs
UV	Utility vehicle
xEV	Electric/hybrid 2Ws, passenger vehicles and commercial vehicles

Conventional and General Terms / Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
Arbitration Act	Arbitration and Conciliation Act, 1996, as amended
AY	Assessment year
BSE	BSE Limited
Calendar Year / CY	Period of 12 months commencing from January 1 & ending on December 31
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CSR	Corporate social responsibility
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act / Companies Act, 2013	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
Competition Act	The Competition Act, 2002, as amended
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DDT	Dividend distribution tax
DIN	Director Identification Number
EGM	Extraordinary general meeting
FDI	Foreign direct investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (formerly called the Department of Industrial Policy and Promotion) bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended

Term	Description
	and any notifications, circulars or clarifications issued thereunder
Finance Act	The Finance Act, 2024
Financial year / Fiscal Year / FY / Fiscal	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GDR	Global Depository Receipt
GoI / Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS as specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended
IT	Information technology
MCA	Ministry of Corporate Affairs, GoI
Million	1,000,000
MNC	Multinational companies
MSME	Micro, Small and Medium Enterprises
NAV	Net asset value
NCLT	National Company Law Tribunal, GoI
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
R&D	Research and development
RBI	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
Rs. / Rupees / INR / ₹	Indian Rupees, the legal currency of the Republic of India
ROE	Return on equity
ROCE	Return on capital employed
SCR (SECC) Regulations	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and

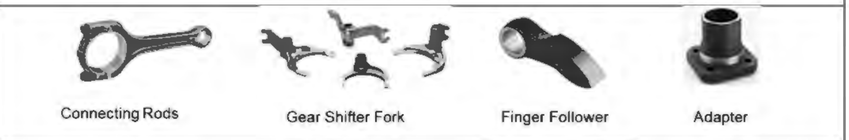
Term	Description
	Takeovers) Regulations, 2011, as amended
STT	Securities transaction tax
U.S.$ / U.S. dollar / USD	United States Dollar, the legal currency of the United States
USA / U.S. / United States	United States of America
U. S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund

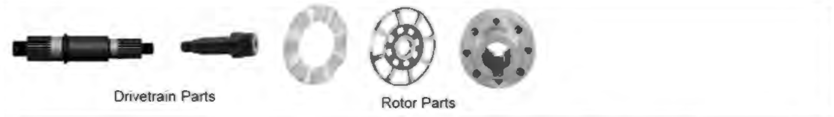
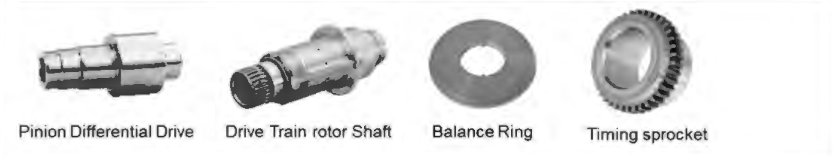
SUMMARY OF BUSINESS

Overview

Established more than 40 years ago, we are an engineering-led integrated manufacturer of complex and critical precision engineered components across the automotive and non-automotive sectors. We are a global supplier and we sold our products to 88 customers in 26 countries, including India, in Fiscal 2024. We supply most of our products directly to original equipment manufacturers ("**OEMs**") in finished (forged and machined) condition, resulting in significant value addition by us. Within the automotive sector, we manufacture and supply a range of precision forged and machined components and assemblies for internal combustion engine ("**ICE**") two-wheelers ("**2Ws**"), passenger vehicles and commercial vehicles (which we define as "**Auto – ICE**") and electric/hybrid 2Ws, passenger vehicles and commercial vehicles (which we define as "**xEV**"), including components that can be used in ICE vehicles and xEV (which define as "**Auto – Tech Agnostic**"). Keeping in view the emerging opportunities in light-weighting in the automotive sector, we diversified into aluminium forging based precision components in Fiscal 2022. While we continue to grow from our strong position in Auto-ICE, we are constantly adding new products for xEV, Auto-Tech Agnostic and the non-automotive sector. Within the non-automotive sector, we manufacture and supply a range of precision components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines. We were the 10th ranked global supplier of connecting rods within the light vehicle segment (passenger vehicles with gross vehicle weight of 3.5 tonnes or less, "**Light Vehicle**") in terms of production volume (units) for CY 2023 and the 8th ranked global supplier of connecting rods within the commercial vehicle ("**CV**") segment in terms of production volume (units) for CY 2023 (*source: the CRISIL Report*). We were the largest supplier in terms of production volume (units) in Fiscal 2024 of (i) connecting rods, rocker arms and gear shifter forks for two-wheeler OEMs in India and (ii) connecting rods and rocker arms for passenger vehicle OEMs in India (*source: the CRISIL Report*).

The table below summarises our product portfolio for the automotive sector.

Automotive Sector		
Segment	**Type of Vehicle**	**Products**
Auto – ICE	2Ws	
	Passenger vehicles	
	Commercial vehicles	
Auto - Tech Agnostic	2Ws / electric 2 wheelers ("**e-2W**")	
	Passenger vehicles / hybrid vehicles/ battery-EVs	
	Commercial vehicles	

xEV	2Ws	
	Passenger vehicles	
	Commercial vehicles	

The table below summarises our product portfolio for the non-automotive sector.

Non-Automotive Sector	
Industry/product	**Products**
Aerospace and defence	
Off-road vehicles	
Agriculture	
Industrial and marine engines	

The tables below give a breakdown of our revenue from sale of products for the periods and fiscal years indicated.

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Auto - ICE [A]	5,032.44	71.85%	4,695.70	76.14%
Auto - Tech Agnostic & xEV [B]	1,132.57	16.17%	750.33	12.17%
Automotive sector [C = A + B]	***6,165.01***	***88.02%***	***5,446.03***	***88.30%***
Non-automotive sector [D]	838.88	11.98%	721.36	11.70%
Revenue from sale of products [E = C +D]	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Automotive - ICE [A]	19,884.22	75.43%	16,894.52	77.71%	15,474.82	83.39%

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Auto - Tech Agnostic & xEV [B]	3,237.52	12.28%	2,259.81	10.39%	1,124.69	6.06%
Automotive sector [C = A + B]	***23,121.74***	***87.71%***	***19,154.33***	***88.11%***	***16,599.51***	***89.45%***
Non-automotive sector [D]	3,239.49	12.29%	2,585.09	11.89%	1,958.34	10.55%
Revenue from sale of products [E = C +D]	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

The following tables set out our revenue from sale of products by geographical spread for the periods and fiscal years indicated:

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
India [A]	4,732.07	67.56%	4,218.03	68.39%
Europe [B]	1,371.67	19.58%	1,202.55	19.49%
USA [C]	707.79	10.11%	556.91	9.03%
Other foreign countries [D]	192.36	2.75%	189.90	3.08%
Revenue from foreign countries [E = B + C +D]	***2,271.82***	***32.44%***	***1,949.36***	***31.61%***
Revenue from Sale of Products [F = A+E	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
India [A]	18,099.05	68.66%	15,563.78	71.59%	11,682.89	62.95%
Europe [B]	4,854.46	18.41%	3,826.04	17.61%	4,428.14	23.86%
USA [C]	2,603.52	9.88%	1,566.36	7.19%	1,724.91	9.29%
Other foreign countries [D]	804.20	3.05%	783.24	3.60%	721.91	3.89%
Revenue from foreign countries [E = B + C +D]	***8,262.18***	***31.34%***	***6,175.64***	***28.41%***	***6,874.96***	***37.05%***
Revenue from Sale of Products [F = A+E	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

We are a technology-driven company with a focus on design, engineering, machine building and automation capabilities. These capabilities enable us to roll out new products in a timely manner and develop higher strength components required for high-end performance and graduate from manufacturing individual parts to the designing and manufacturing of sub-assemblies, thereby moving us up the value chain. We possess machine building capabilities. Computer numerical control ("**CNC**") special purpose machines that we have built are deployed across our 17 integrated manufacturing facilities. Most of the machines we build are modular by design and can be refurbished for other applications in case of a reduction in demand or a phasing out of the product for which the machine was originally built, thereby reducing our capital expenditure requirements and de-risking our business model. Our automation division, which works concurrently with our machine design and machine building divisions, has implemented multiple automation projects intended to increase our productivity and control labour costs. As at August 31, 2024, a team of 557 personnel supported our design, engineering, machine building, automation and technical support functions.

We believe our engineering capabilities, evolved over decades, have enabled us to consistently offer quality, complex, precision components and assemblies, allowing us to diversify our business beyond the Auto – ICE segment into various other segments, including xEV, aerospace, defence, off-road vehicles, and agriculture. We are constantly adding new products to our portfolio with a wide range of engineering solutions tailored to meet the needs of various industries. Since April 1, 2021, we have developed (i) chassis, suspension and drive train components for electric two-wheelers (ii) braking system components for passenger vehicles and commercial vehicles, (iii) machined engine casings for aerospace, (iv) components for stationary engines, and (v) chassis, seating and drivetrain components for electric and hybrid passenger vehicles. We also have an active pipeline of products under development. The tables below set forth the number of our product families sold in the periods and Fiscals indicated.

Particulars	**Three months ended June 30**	
	2024	**2023**
Number of product families sold	78	79

Note: Number of product families sold for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the product families sold for Fiscals 2024, 2023 and 2022.

Particulars	**Year ended March 31,**		
	2024	**2023**	**2022**
Number of product families sold	84	78	70

Within India, our customers include nine out of the top 10 two-wheeler OEMs based on production volume for Fiscal 2024 (*source: the CRISIL Report*), four passenger vehicle OEMs, including a leading passenger vehicle OEM, and nine xEV OEMs. Globally, our customers include six global Light Vehicle OEMs, three global MHCV OEMs and three global EV OEMs (*source: the CRISIL Report*). The tables below set forth the number of our customers for the periods and Fiscals indicated.

Particulars	**Three months ended June 30**	
	2024	**2023**
Number of customers	77	73

Note: Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022.

Particulars	**Year ended March 31,**		
	2024	**2023**	**2022**
Number of customers	88	90	79

Our OEM customers typically have stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers. These procedures include review of the manufacturer's expertise, available manufacturing facilities, processes, financial capabilities and logistical capabilities. Owing to the critical applications of our products and the stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers, we believe it is difficult for new players to become qualified or replace us in supplying the precision components we provide. This is corroborated by our status as a single source supplier in certain product categories for some of our key customers and by the fact that we have relationships spanning more than 20 years with 39.74% of our customer base for Fiscal 2024 and 10-20 years with 28.71% of our customer base for Fiscal 2024. In the two-wheeler vertical, we have relationships spanning 24 years with Honda Motorcycle & Scooter India Pvt Ltd, 28 fiscal years with Bajaj Auto Limited and 27 years with India Yamaha Motor Pvt Ltd, the second, fourth and fifth largest two-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2024, respectively (*source: the CRISIL Report*). In the passenger vehicle vertical, we have relationships spanning 37 years with a leading Indian passenger vehicle OEM, over 13 years with a leading European passenger vehicle OEM and over 13 years with one of the leading North American passenger vehicle OEMs.

We have received numerous awards over the years that bear testimony to our ability to successfully meet our customers' requirements.

We have 17 integrated manufacturing facilities, of which 16 are in India in the states of Karnataka (Bengaluru – nine facilities, Bidadi – one facility and Tumkur – two facilities), Haryana (Manesar – one facility), Maharashtra (Chakan – one facility), Uttarakhand (Pantnagar – one facility) and Gujarat (Mehsana – one facility), and one facility is in Trollhättan, Sweden. Our manufacturing operations are (i) integrated across the product cycle with the entire manufacturing process (encompassing forging, heat treatment, precision machining, other specialized processing, assembly, testing and quality control) being carried out in-house and (ii) coordinated through concurrent design and engineering, machine building and automation divisions. This enables us to keep the core competencies required for our business within our Group, streamline our production processes, achieve shorter product development and delivery times, exercise greater control over key inputs and processes, reduce inventories and manage capital expenditure.

We are an employee-driven, professionally managed organisation. Our Promoter, Chairman and Managing Director, Subramonia Sekhar Vasan, and our Promoter and Joint Managing Director, Fatheraj Singhvi are members of our Key Management Personnel. However, all other Key Management Personnel and all Senior Management Personnel are not related to the Promoters or the Promoter Group. Our Key Management Personnel and Senior Management Personnel have extensive experience in the precision components manufacturing industry, including in operations, business development, quality assurance, customer relationships and human resources, In addition, they have diversified expertise and global exposure, and therefore are equipped with long-standing entrepreneurial and leadership skills, as well as strategic thinking, planning and management skills. Three members of out of our five Key Management Personnel and five members of out of our 10 Senior Management Personnel have been with our Company for more than 10 years. Our Key Management Personnel and Senior Management Personnel have ownership stakes in our Company through ESOP schemes, with a view to align their interests with our performance.

Set forth below are certain key financial metrics as at the dates and for the periods and fiscal years indicated.

Particulars	**As at and for the three months ended June 30,**		**As at and for the year ended March 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
	₹ in million, except percentages and ratios				
Revenue from operations	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32
Total income	7,443.31	6,604.92	28,138.58	23,561.13	20,045.25
Gross Profit(1)(*)	3,109.39	2,632.85	11,236.94	9,298.84	7,994.47
Gross Profit Margin(2) (*) (%)	41.80%	39.89%	39.97%	39.64%	40.19%
EBITDA(3)(*)	1,275.28	1,143.53	4,798.51	3,847.53	3,335.91
EBITDA Margin(4) (*) (%)	17.14%	17.32%	17.07%	16.40%	16.77%
EBIT(5) (*)	879.67	799.09	3,327.97	2,647.42	2,293.81
EBIT Margin(6) (*) (%)	11.82%	12.11%	11.84%	11.28%	11.53%
Profit before tax	687.05	609.83	2,557.91	2,032.32	1,783.68
Profit for the period/year ("**PAT**")	501.43	451.7	1,875.49	1,483.42	1,318.89
PAT Margin(7) (*) (%)	6.74%	6.84%	6.67%	6.32%	6.63%
Adjusted Net Debt(8) (*)	7,718.21	N.A.(11)	7,381.29	6,504.71	5,948.16
Adjusted Net Debt to Equity Ratio(9) (*)	0.54	N.A.(11)	0.54	0.55	0.57
Adjusted RoCE(10) (*) (%)	4.09%(12)	N.A.(11)	16.92%	15.29%	15.28%

Notes:

1. Gross Profit is calculated as revenue from operations minus (i) cost of materials consumed, (ii) changes in inventories of finished goods and work-in-progress, (iii) conversion charges, (iv) consumption of stores and spares and (vi) power and fuel ("**Gross Profit**").

2. Gross Profit Margin is calculated as Gross Profit divided by revenue from operations ("**Gross Profit Margin**").

3. EBITDA is calculated as the sum of (i) profit for the period/year, (ii) total tax expenses, (iii) depreciation and amortisation expense and (iv) finance costs less (i) other income and (ii) share of net profit of associates ("**EBITDA**").

4. EBITDA Margin is calculated as EBITDA divided by total income ("**EBITDA Margin**").

5. EBIT is calculated as the sum of (i) profit for the period/year, (ii) total tax expenses, and (iii) finance costs ("**EBIT**").

6. EBIT Margin is calculated as EBIT divided by revenue from operations ("**EBIT Margin**").

7. PAT Margin is calculated as profit for the period/year divided by revenue from operations ("**PAT Margin**").

8. Adjusted Net Debt is calculated as the sum of (i) non-current borrowings plus (ii) current borrowings less (i) cash and cash equivalents and (ii) bank balances other than cash and cash equivalents ("**Adjusted Net Debt**").

9. Adjusted Net Debt to Equity Ratio is calculated as Adjusted Net Debt divided by total equity.

10. Adjusted RoCE (Return on Capital Employed) is calculated as EBIT divided by Average Capital Employed. Average Capital Employed is calculated as (the sum of the opening balance of total equity plus Adjusted Net Debt and the closing balance of total equity plus Adjusted Net Debt) divided by two.

11. There is no balance sheet disclosed in the Unaudited Interim Consolidated Financial Results.

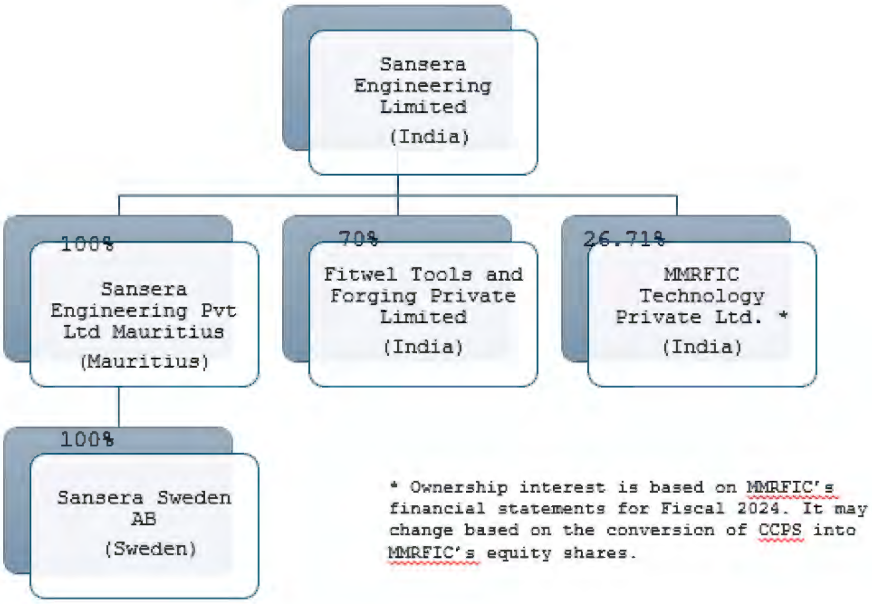
12. Non-annualised.

(*) Non-GAAP Financial Measure. For a reconciliation of this Non-GAAP Financial Measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliations of Non-GAAP Financial Measures" on page 126.

Our Company's long-term bank facilities are domestically rated by ICRA as [ICRA] AA-/Stable (issued on February 28, 2024) and by India Ratings as Ind AA-/Stable (issued on March 28, 2024) and our Company's short-term bank facilities are domestically rated by ICRA as [ICRA] A1+ (issued on February 28, 2024) and by India Ratings as Ind A1+ (issued on March 28, 2024).

Corporate Structure

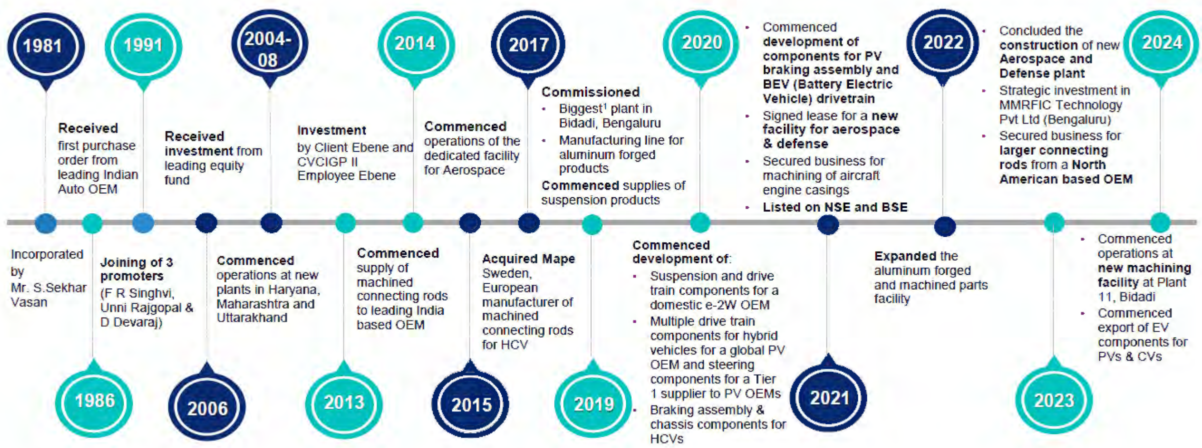
The chart below sets forth our corporate structure as on the date of this Preliminary Placement Document.



For more details on our Subsidiaries and Associates, see "*Organisational Structure*" on page 308.

History

Over the last more than 35 years, we have created differentiated products and diversified across product categories and geographies. The chart below sets forth certain milestones in our history. The years referred to in the chart are fiscal years.



Note:
(1) The plant commissioned in 2017 is our Company's biggest manufacturing facility.

Our Strengths

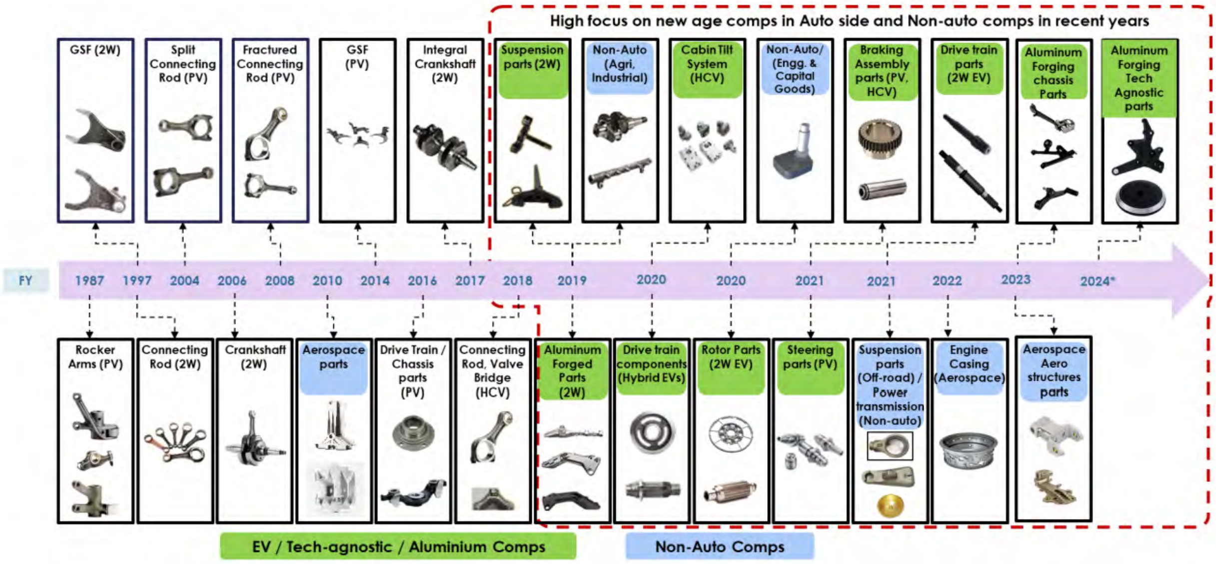
A leading supplier of complex and high-quality precision engineered components with a diversified and resilient product portfolio

We were the 10th ranked global supplier of connecting rods within the light vehicle segment (passenger vehicles with gross vehicle weight of 3.5 tonnes or less, "**Light Vehicle**") in terms of production volume (units) for CY 2023 and the 8th ranked global supplier of connecting rods within the commercial vehicle segment in terms of production volume (units) for CY 2023. (*source: the CRISIL Report*). We were the largest supplier in terms of production volume (units) in Fiscal 2024 of (i) connecting rods, rocker arms and gear shifter forks for two-wheeler OEMs in India and (ii) connecting rods and rocker arms for passenger vehicle OEMs in India (*source: the CRISIL Report*).

We believe that our market position is the result of our established presence in the precision components manufacturing industry and our ability to manufacture and supply complex, high-quality precision components according to our customers' specifications, resulting in us being many of our customers' preferred supplier. Further, we are the single source supplier for certain components to select OEM companies in India and globally.

We cater to multiple industry verticals across both automotive and non-automotive sectors. Within the automotive sector, we manufacture and supply a range of precision forged and machined components and assemblies for (i) ICE (internal combustion engine) 2Ws, three-wheelers, passenger vehicles and commercial vehicles and (ii) e-2Ws, xEV passenger vehicles and xEV commercial vehicles. We also manufacture and supply a range of precision forged and machined components and assemblies that can be used in ICE vehicles and xEV. Within the non-automotive sector, we manufacture and supply a range of precision components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines.

We are constantly adding new products to our portfolio. We have grown from 70 product families sold in Fiscal 2022 to 78 product families sold in Fiscal 2023 and to 84 product families sold in Fiscal 2024. The following chart depicts the timeline, in fiscal years, of securing business in relation to our key product families.

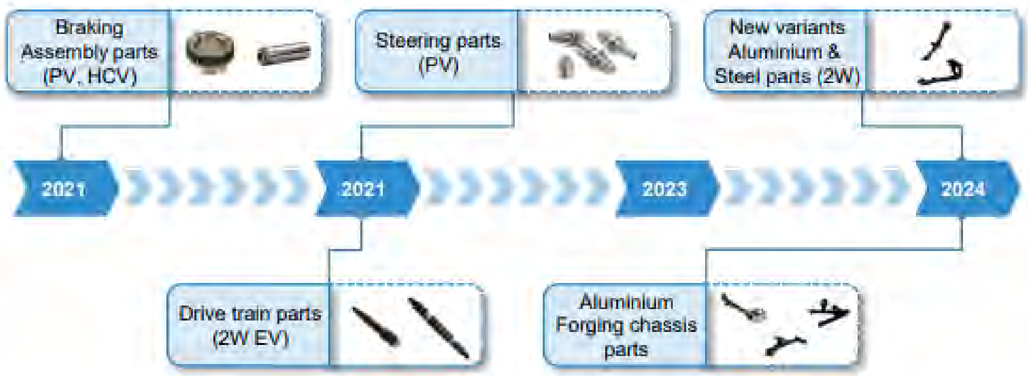


The following tables set out our revenue from sale of products by product families and as a percentage of total revenue from sale of products for the periods and fiscal years indicated.

xProducts	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**
Connecting rods	2,625.82	37.49%	2,847.38	46.17%
Rocker arms	1,065.51	15.21%	873.41	14.16%
Crank shaft assembly	1,041.72	14.88%	762.65	12.37%
Gear shifter forks	350.60	5.01%	324.37	5.26%
Stem comp	291.96	4.17%	174.07	2.82%
Aerospace products	256.41	3.66%	199.98	3.24%
Integral crankshaft	191.52	2.73%	89.04	1.44%
Others	1,180.35	16.85%	896.47	14.54%
Of which:				
Aluminium forged precision parts	*273.80*	*3.91%*	*74.11*	*1.20%*
Revenue from sale of products	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Products	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**
Connecting rods	10,803.06	40.98%	2,190.21	10.07%	7,951.86	42.85%
Rocker arms	4,082.59	15.49%	3,510.26	16.15%	3,383.71	18.23%
Crank shaft assembly	4,160.05	15.78%	3,859.24	17.75%	2,964.57	15.98%
Gear shifter forks	1,276.92	4.84%	1,122.58	5.16%	988.18	5.33%
Stem comp	820.84	3.11%	908.13	4.18%	638.98	3.44%
Aerospace products	1,093.25	4.15%	915.55	4.21%	588.39	3.17%
Integral crankshaft	529.95	2.01%	332.31	1.53%	249.28	1.34%
Others	3,594.57	13.64%	8,901.14	40.95	1,792.88	9.66%
Of which:						
Aluminium forged precision parts	*470.55*	*1.79%*	*179.60*	*0.83%*	*125.45*	*0.68%*
Revenue from sale of products	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

We have received multiple orders for aluminium forged and machined components and expanded our product range for the Auto –Tech Agnostic, xEV and the defence and aerospace segments. The chart below summarises the expansion of our product range for the Auto –Tech Agnostic, xEV and the defence and aerospace segments (it is not exhaustive). The years referred to in the chart are fiscal years.



In Fiscal 2023, we set up a new dedicated facility in Bengaluru, Karnataka, India for the mass production of xEV components. In Fiscal 2024, we commenced exporting EV components for passenger vehicles and commercial vehicles.

As a result of the above, our revenue from sale of products for Auto Tech-Agnostic and xEV increased from ₹ 1,124.69 million in Fiscal 2022 to ₹ 3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹ 750.33 million in the three months ended June 30, 2023 to ₹ 1,132.57 million in the three months ended June 30, 2024, an increase of 50.94%, and our revenue from sale of products for the non-automotive sector increased from ₹ 1,958.34 million in Fiscal 2022 to ₹ 3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹ 721.36 million in the three months ended June 30, 2023 to ₹ 828.88 million in the three months ended June 30, 2024, an increase of 16.29%.

The tables below set out the revenues generated from various end-use segments and as a percentage of our revenue from sale of products.

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Automotive Sector				
Auto – ICE				
Two-wheelers	2,923.55	41.74%	2,528.91	41.00%
Of which:				0.00%
Scooters	*434.32*	*6.20%*	*349.09*	*5.66%*
Motorcycles	*2,489.22*	*35.54%*	*2,179.81*	*35.34%*
Three-wheelers	43.40	0.62%	46.04	0.75%
Passenger vehicles	1,360.58	19.43%	1,465.52	23.76%
Commercial vehicles	704.92	10.06%	655.23	10.62%
Sub Total (Auto – ICE) [A]	***5,032.44***	***71.85%***	***4,695.70***	***76.14%***
Auto – Tech Agnostic and xEV				
Auto – Tech Agnostic	711.63	10.16%	423.99	6.87%
xEV	420.94	6.01%	326.34	5.29%
Subtotal (Auto – Tech Agnostic and xEV) [B]	***1,132.57***	***16.17%***	***750.33***	***12.17%***
Subtotal (Automotive sector) [C = A + B]	***6,165.01***	***88.02%***	***5,446.03***	***88.30%***
Non-Automotive Sector				
Aerospace and defence	256.41	3.66%	199.98	3.24%
Off-road vehicles	301.70	4.31%	263.02	4.26%
Agriculture	160.88	2.30%	168.90	2.74%
Others	119.88	1.71%	89.45	1.45%
Subtotal (non-Automotive sector)[D]	***838.88***	***11.98%***	***721.36***	***11.70%***
Revenue from Sale of Products [E = C + D]	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Automotive Sector						
Auto – ICE						
Two-wheelers	11,054.25	41.93%	9,428.23	43.37%	8,015.36	43.19%
Of which:						
Scooters	*1,533.22*	*5.82%*	*1,719.26*	*7.91%*	*1,247.69*	*6.72%*
Motorcycles	*9,521.03*	*36.12%*	*7,708.97*	*35.46%*	*6,767.67*	*36.47%*
Three-wheelers	200.28	0.76%	139.29	0.64%	148.92	0.80%
Passenger vehicles	6,013.86	22.81%	4,964.88	22.84%	4,914.78	26.48%
Commercial vehicles	2,615.83	9.92%	2,362.12	10.87%	2,395.77	12.91%
Subtotal (Auto – ICE) [A]	***19,884.22***	***75.43%***	***16,894.53***	***77.71%***	***15,474.82***	***83.39%***
Auto – Tech Agnostic and xEV						
Auto – Tech Agnostic	1,994.36	7.57%	1,442.90	6.64%	1,014.22	5.47%

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
xEV	1,243.15	4.72%	816.91	3.76%	110.47	0.60%
Subtotal (Auto – Tech Agnostic and xEV) [B]	***3,237.52***	***12.28%***	***2,259.81***	***10.39%***	***1,124.69***	***6.06%***
Subtotal (Automotive sector) [C = A+B]	***23,121.74***	***87.71%***	***19,154.34***	***88.11%***	***16,599.51***	***89.45%***
Non-Automotive sector						
Aerospace and defence	1,093.25	4.15%	915.35	4.21%	588.39	3.17%
Off-road vehicles	1,143.99	4.34%	686.10	3.16%	575.87	3.10%
Agriculture	555.83	2.11%	665.21	3.06%	528.40	2.85%
Others	446.42	1.69%	318.43	1.46%	265.67	1.43%
Sub Total (Non-automotive sector) [D]	***3,239.49***	***12.29%***	***2,585.09***	***11.89%***	***1,958.34***	***10.55%***
Revenue from Sale of Products [E = D +C]	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

We believe we are well positioned to leverage our strengths and take advantage of the forecast growth in the automotive and non-automotive sectors. Manufacturing of precision automotive components is forecast by CRISIL MI&A to grow at a CAGR of 9-11% over Fiscal 2025 to Fiscal 2030, and manufacturing of precision non-automotive components is forecast by CRISIL MI&A to grow at a CAGR of 7-9% over Fiscal 2025 to Fiscal 2030 (*source: the CRISIL Report*).

Long-standing relationships with the majority of our customers, including leading domestic as well as international OEMs

We have relationships spanning more than 20 years with 39.74% of our customer base for Fiscal 2024, 10-20 years with 28.71% of our customer base for Fiscal 2024, and less than 10 years with the remaining 31.55% of our customer base for Fiscal 2024. We have long-standing relationships with several well-known Indian and global OEMs. In the two-wheeler vertical, we have relationships spanning 24 years with Honda Motorcycle & Scooter India Pvt Ltd, 28 fiscal years with Bajaj Auto Limited and 27 years with India Yamaha Motor Pvt Ltd, the second, fourth and fifth largest two-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2024, respectively (*source: the CRISIL Report*). In the passenger vehicle vertical, we have relationships spanning 37 years with the leading Indian passenger vehicle OEM in terms of domestic production volume for Fiscal 2024 (*source: the CRISIL Report*), over 13 years with a leading European passenger vehicle OEM (*source: the CRISIL Report*), and over 13 years with one of the leading North American passenger vehicle OEMs.

Within India, our customers include nine out of the top 10 two-wheeler OEMs based on production volume for Fiscal 2024 (*source: the CRISIL Report*), four passenger vehicle OEMs, including a leading passenger vehicle OEM, and nine xEV OEMs. Globally, our customers include six global Light Vehicle OEMs, three global MHCV OEMs and three global EV OEMs (*source: the CRISIL Report*).

Sound and diversified Order Book

In Fiscal 2023, we received ₹ 7,451.88 million worth of new orders, of which ₹ 3,672.58 million worth of orders were moved to mass production during Fiscal 2023. In Fiscal 2024, we received ₹ 8,640.75 million worth of new orders, of which ₹ 5,983.86 million worth of orders were moved to mass production in Fiscal 2024. In the three months ended June 30, 2024, we received ₹ 926.79 million worth of new orders. We refer to as our "Order Book" as our peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. However, our Order Book does not represent firm orders. For our domestic customers, we do not generally have firm commitment or long-term purchase agreements with most of our customers and instead rely on purchase orders issued by our customers from time to time. For our export customers, we enter into various purchase and supply agreements. The components are supplied by us under various purchase orders issued by the customers from time to time, under the terms of the master purchase or supply agreement. For more details, see "*Our Business – Customer Agreements*" on page 300. As such, we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book. In addition, when we sell products, it is possible that our customers may default and fail to pay amounts due. As at June 30, 2024, our Order Book stood strong at ₹ 16,871.04 million.

The table below sets forth details of our Order Book as at the dates indicated.

Particulars	As at June 30, 2024		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	₹ in million	% of Order Book	₹ in million	% of Order Book	₹ in million	% of Order Book	₹ in million	% of Order Book
Automotive Sector								
Auto–- ICE								
Two-wheelers	2,537.70	15.06%	2,167.61	13.61%	1,681.33	12.66%	2,302.98	15.31%
Of which:								
Scooters	448.89	2.66%	448.89	2.82%	0.25	0.00%	225.54	1.50%
Motorcycles	2,062.82	12.39%	1,718.72	10.79%	1,681.08	12.66%	2,077.44	13.81%
Three-wheelers	-	-	-	-	-	-	32.20	0.21%
Passenger vehicles	4,516.72	26.80%	4,200.81	26.37%	2,604.41	19.61%	5,991.26	39.83%
Commercial vehicles	1,708.34	10.13%	1,647.29	10.34%	1,190.21	8.96%	1,030.28	6.85%
Sub Total (Auto–- ICE) [A]	8,762.76	51.99%	8,015.70	50.32%	5,475.95	41.24%	9,356.72	62.21%
Auto–- Tech Agnostic and xEV								
Auto–- Tech Agnostic and xEV [B]	4,417.13	26.18%	4,417.13	27.73%	4,320.49	32.54%	3,271.56	21.75%
Sub Total (automotive sector) [C = A+B]	13,179.90	78.20%	12,432.84	78.05%	9,796.44	73.78%	12,628.28	83.96%
Non-Automotive Sector								
Non-Automotive sector [D]	3,675.27	21.80%	3,495.53	21.95%	3,482.08	26.22%	2,412.05	16.04%
Order Book [E = C + D](1)	16,885.16	100.00%	15,928.37	100.00%	13,278.53	100.00%	15,040.33	100.00%

Note:

(1) *We refer to as our "Order Book" as our peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. However, our Order Book does not represent firm orders. As such, we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book. In addition, when we sell products, it is possible that our customers may default and fail to pay amounts due.*

As a result of our strong Order Book, particularly with respect to orders in the Auto – Tech Agnostic and xEV as well as non-automotive sectors, we have visibility on our potential revenue growth in these sectors.

Advanced capabilities in design and engineering, machine building and automation resulting in continuous new product development and improved productivity, with fungibility of equipment, machinery and production lines across product families and sectors

We are engineering-led in our capabilities, with integrated operations across the product manufacturing cycle. We have 17 integrated manufacturing units and a team of more than 500 personnel working on design, engineering, machine building, automation and technical support functions as at August 31, 2024. This allows us to improve precision, efficiency and quality, reducing costs and lead times and strengthening our competitive edge. We also have a dedicated facility for hybrid and electric components for mass production. With such strong execution capabilities, we catered to 88 automotive sector and non-automotive sector customers across 26 countries in Fiscal 2024.

We optimize our processes and materials through in-house simulation and testing. The constant improvement of our capabilities allows us to adapt to trends, as we are able to manufacture and supply new products. For instance, we began manufacturing of lightweight aluminium forged and machined components for electric vehicles in Fiscal 2022, during the initial rise in popularity of electric vehicles. We have a strong presence in precision forged and machined components, particularly in hot forging, a growing segment (*source: the CRISIL Report*).

Design and engineering capabilities: Our design and engineering capabilities comprise product, process, machine, fixture and cutting tool design as well as advanced engineering capabilities, which have enabled us to support our customers through concurrent development of critical products and further strengthened our relationships. Examples include (i) high performance diamond-like carbon coated rocker arms for a reputed two-wheeler OEMs in the United States and Europe and for a leading European sports car OEM; (ii) precise and complex profile connecting rods for multiple global passenger vehicle OEMs; (iii) braking system parts with critical profile resulting in import substitution for a leading Indian passenger vehicle OEM and (iv) high precision and complex aluminium forged parts for chassis, steering and suspension for premium segment two wheelers.

Our engineering capabilities also enable us to design new products from statements of requirements, validate our designs through software using FEA (finite element analysis), develop prototypes and perform relevant testing to confirm design robustness, all of which increase opportunities for us to secure higher value-added business with our customers and enables us to deepen our customer relationships through cost optimisation and reductions in development and testing time. Specific examples of proto parts development include: (i) medical implants for a leading U.S. customer; (ii) clutch assembly component for a leading global battery electric vehicle ("**BEV**") OEM; (iii) machined engine casings for aircraft engines; (iv) high precision aluminium parts for premium electric light vehicles; and (v) new generation hybrid transaxle parts.

Machine building capabilities: We possess integrated machine building capabilities with special purpose machines being manufactured in-house. Our CNC special purpose machines are built in a separate dedicated facility, which employed 53 personnel as at August 31, 2024. We manufacture advanced CNC special purpose machines, including automated cells, four station special purpose machines, vertical honing machines, double disc grinding machines, internal grinding machines, laser cracking machines, trumpet-form hole machines, balancing machines and laser structuring machines, which are deployed across our integrated manufacturing facilities. The machines needed to manufacture several of the precision components in our product categories are expensive and generally imported in India (*source: the CRISIL Report*). Hence, companies that have the ability to manufacture these machines in-house have an edge over their peers by deriving competitive benefits from such integrated machine building capabilities (*source: the CRISIL Report*). Our integrated machine building capabilities enable capital and operating efficiencies and help us to respond quickly to our customers' changing product specifications.

Automation capabilities: Our automation capabilities enable us to combine operations and eliminate multiple operators in the production process in order to increase productivity, while controlling costs and maintaining consistent product quality. Our Company's automation division included a team of 56 personnel as at August 31, 2024 who work concurrently with machine and fixture design to implement automation projects intended to increase our productivity and control labour costs. Key automation projects already implemented in-house include fracture and bolt assembly cells, inspection cells, pick and place systems, material handling gantries, machine tending robots and assembly automation. We have also implemented automated a fracturing and assembly cell at our Swedish facility conforming with the CE (Conformite Europeenne) Mark, as a testament to our machine designing and building capabilities.

Fungibility of production lines: Our production line configurations are flexible, allowing us to interchange capacity and product mix between all our product categories within and across automotive and non-automotive sectors based on customer and operational requirements from time to time, enabling us to offer a diverse range of products and services to our customers. This optimises our machine productivity and operational efficiency and de-risks our business model.

Sound financial performance, delivering strong shareholder returns

As shown in the tables below, we have seen sound growth in revenue, while maintaining healthy margin profiles and increasing our profits for the period/year.

Particulars	**Three months ended June 30, 2024 (₹ in million, except percentages)**	**Three months ended June 30, 2023 (₹ in million, except percentages)**	**Percentage increase / increase/(decrease) in percentage (as applicable) (%)**
Revenue from operations	7,439.33	6,600.66	12.71%
EBITDA[(1)]	1,275.28	1,143.53	11.52%
EBITDA Margin[(2)] (%)	17.14%	17.32%	(1.05)%
Profit for the period/year ("**PAT**")	501.43	451.70	11.01%
PAT Margin[(3)] (%)	6.74%	6.84%	(1.51)%

Particulars	Fiscal 2024 (₹ in million, except percentages)	Fiscal 2023 (₹ in million, except percentages)	Fiscal 2022 (₹ in million, except percentages)	CAGR / increase /(decrease) in percentage between Fiscal 2022 and Fiscal 2024 (as applicable) (%)
Revenue from operations	28,114.32	23,460.44	19,890.32	40.75%
EBITDA(1) (*)	4,798.51	3,847.53	3,335.91	40.27%
EBITDA Margin(2) (*) (%)	17.07%	16.40%	16.77%	(0.34)%
Profit for the period/year ("**PAT**")	1,875.49	1,483.42	1,318.89	42.20%
PAT Margin(3) (*) (%)	6.67%	6.32%	6.63%	1.04%

Notes:

(1) EBITDA is calculated as the sum of (i) profit for the period/year, (ii) total tax expenses, (iii) depreciation and amortisation expense and (iv) finance costs less (i) other income and (ii) share of net profit of associates.

(2) EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(3) PAT Margin is calculated as profit for the period/year divided by revenue from operations.

(*) Non-GAAP Financial Measure. For a reconciliation of this Non-GAAP Financial Measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliations of Non-GAAP Financial Measures" on page 126.

As shown in the tables below, we have also improved our capital efficiency (Adjusted RoCE) without increasing our leverage (Adjusted Net Debt to Equity Ratio).

Particulars	As at June 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Adjusted Net Debt to Equity Ratio(1)(*) (ratio)	0.54	0.54	0.55	0.57
Adjusted RoCE(2)(*) (%)	4.09%(3)	16.92%	15.29%	15.28%

Notes:

(1) Adjusted Net Debt to Equity Ratio is calculated as Adjusted Net Debt divided by total equity. Adjusted Net Debt is calculated as the sum of (i) non-current borrowings and (ii) current borrowings less (i) cash and cash equivalents and (ii) bank balances other than cash and cash equivalents.

(2) Adjusted RoCE (Return on Capital Employed) is calculated as EBIT divided by Average Capital Employed. Average Capital Employed is calculated as (the sum of the opening balance of total equity plus Adjusted Net Debt and the closing balance of total equity plus Adjusted Net Debt) divided by two.

(3) Non-annualised.

(*) Non-GAAP Financial Measure. For a reconciliation of this Non-GAAP Financial Measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliations of Non-GAAP Financial Measures" on page 126.

As shown in the chart below, we have delivered strong Shareholder returns in the form of increases in the market price of the Equity Shares.

Note: CMP: closing market price on the BSE

Skilled and experienced Board of Directors and management team, with an employee culture that emphasises teamwork and collaboration across functions

Our Promoter, Chairman and Managing Director, Subramonia Sekhar Vasan, founded our Company in 1981 and continues to provide guidance on machine and automation design, metallurgical advancement and engineering, apart from overseeing overall performance of our Company. Our Promoter and Joint Managing Director, Fatheraj Singhvi, joined us on a full-time basis in 2006 and provides guidance on our strategy, customer relationships, finance, human resource development and CSR activities, apart from overseeing the general performance of our Company.

We are an employee-driven, professionally-run, organisation. Our Promoter, Chairman and Managing Director, Subramonia Sekhar Vasan, and our Promoter and Joint Managing Director, Fatheraj Singhvi are members of our Key Management Personnel. However, all other Key Management Personnel and all Senior Management Personnel are not related to the Promoters or the Promoter Group.

We believe our highly experienced and professional management team provides us with a key competitive advantage. Our Key Management Personnel and Senior Management Personnel have extensive experience in the precision components manufacturing industry, including in operations, business development, quality assurance, customer relationships and human resources, In addition, they have diversified expertise and global exposure, and therefore are equipped with long-standing entrepreneurial and leadership skills, as well as strategic thinking, planning and management skills. Bindiganavile Raghunath Preetham, the Whole-time Director and Group CEO of our Company, has been associated with our Company for more than 32 years and is responsible for overseeing all areas of Company's business including developing and maintaining relationships with our companies and suppliers. Vikas Goel, Chief Financial Officer of our Company, has been associated with our Company since July, 2019 and is responsible for supervising the affairs of the finance department of our Company. Praveen Chauhan, head of corporate strategy, has been with our Company for more than 20 years and was responsible for our day-to-day operations before taking up role of corporate strategy in June 2024. Our other Senior Management Personnel consists of Rahul Kale, chief operating officer. Satish Kumar, chief engineering and technical services officer, Madhukar Bhat, the chief human resource officer. S B Rakesh, business head – aerospace and defence. P R Suresh, chief risk officer and head – system and training. Pattabhiraman Raghuram, chief strategic sourcing and supply chain management officer, Sanjeev Sharma, chief sales and marketing officer, and Anil Patil, chief quality officer. For more details, see "*Board of Directors and Senior Management*" on page 310.

Three members of out of our five Key Management Personnel and five members of out of our 10 Senior Management Personnel have been with our Company for more than 10 years. This results in effective operational coordination and continuity of business strategies.

Our Key Management Personnel and Senior Management Personnel have ownership stakes in our Company through ESOP schemes, with a view to align their interests with our performance. We also have incentive schemes for employees at various levels, as well as in-house talent development programmes and career progression pathways.

We take pride in our employee culture that emphasises teamwork and collaboration across functions, which helps ensure that our employees are able to suggest and implement ideas, regardless of their roles.

We are further supported by an experienced Board of Directors. We also have oversight from the Independent Directors on our Board, comprising Muthuswami Lakshminarayan, an auto industry veteran with approximately 31 years of experience, of which over 21 years were at Bosch India Limited, Revathy Ashok, who previously worked at Tishman Speyer India Private Limited, Syntel Inc. and is a board member of various listed companies, and Samir Purushottam Inamdar, who has held leadership roles at GE Consumer and Industrial, South Asia, Tyco Electronics South Asia, Maruti Suzuki.

Our Strategies

Fuelling growth through capital investments

We plan to capitalize on opportunities across various sectors in the engineering industry by continuing to invest in innovation, expanding our facilities and increasing automation at our integrated manufacturing facilities.

The tables below sets forth our capital expenditure for the period and fiscal years indicated categorised into expenditure on (i) new plant and equipment, to strengthen our core manufacturing capabilities, (ii) facility expansion, to support our growing production needs, and (iii) upgrading of IT infrastructure, maintenance, and other general expenditure, to ensure smooth operations across all aspects of our business.

Capital Expenditure	Three months ended June 30, 2024	
	₹ in million	% of total capital expenditure
New plant and equipment	729.89	77.12%
Facility expansion	193.84	20.48%
Upgrading of IT infrastructure, maintenance, and other general expenditure	22.75	2.40%
Total capital expenditure	**946.48**	**100.00%**

Capital Expenditure	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ in million	% of total capital expenditure	₹ in million	% of total capital expenditure	₹ in million	% of total capital expenditure
New plant and equipment	2,592.91	77.34%	1,933.83	67.13%	1,921.44	88.80%
Facility expansion	632.64	18.87%	840.97	29.20%	159.2	7.36%
Upgrading of IT infrastructure, maintenance, and other general expenditure	127.24	3.80%	105.72	3.67%	83.07	3.84%
Total capital expenditure	**3,352.79**	**100.00%**	**2,880.52**	**100.00%**	**2,163.71**	**100.00%**

We commissioned a 2,500 tonne press in November 2023 and a 1,600 tonne press in August 2024, and we have scheduled the commissioning of a new 4,000 tonne press and a new 1,350 tonne press in the third quarter of Fiscal 2025.

We plan to expand our manufacturing capacity to capture more opportunities across sectors. On July 31, 2024, we entered into a memorandum of understanding with the government of Karnataka to establish a manufacturing unit for the production of precision machined components and enhance our exports of such components. Under this memorandum of understanding, we plan to invest around ₹ 21,000 million over a period of three to five years towards expanding our manufacturing capacity over a 55-acre plot in Harohalli, Ramanagara, Karnataka, and the government of Karnataka has agreed to help us to obtain the necessary approvals to establish this new manufacturing facility. On September 27, 2024, the Karnataka Industrial Area Development Board allotted the 55 acres of land to us. We have already made a payment of ₹ 100 million, and the remaining balance of ₹ 160 million is due within 30 days from the date of the letter. Subject to Board approval and the availability of industrial infrastructure at the location, the construction of the building and the deployment of plant and machinery is expected to begin in Fiscal 2027. We plan to establish a training centre to enhance the skills of the local workforce, fostering talent development and employment opportunities. We plan to use advanced technologies and best practices at this new plant, thereby benefiting the local industrial ecosystem and promoting innovation. This new facility will enable us to increase our exports.

Leveraging opportunities in the promising EV & hybrid vehicle segments

We have a dedicated facility for hybrid and electric components in Plant 2, which was commissioned during Fiscal 2023. Our revenue from the sale of products for xEVs increased from ₹ 110.47 million in Fiscal 2022 to ₹ 1,243.15 million in Fiscal 2024, a CAGR of 235.46%, and increased from ₹ 326.34 million in the three months ended June 30, 2023 to ₹ 420.94 million in the three months ended June 30, 2024, an increase of 28.99%.

The share of electric vehicles in overall retails increased from 0.1% in fiscal 2019 to 2.3% in fiscal 2024. In India, electric vehicles are gaining popularity, as the government is extending support via Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME II), a policy that encourages the use of electric vehicles and reduce the use of fossil fuel-powered vehicles and tax rate cuts to encourage electric vehicle adoption. According to recent data, the global expenditure on electric vehicles witnessed a substantial increase of 50% in 2022 compared to the previous year, totaling approximately USD 425 billion, due to various governments worldwide implementing pragmatic policies to expand electric vehicle shares. (*source: the CRISIL Report*).

We plan to further increase our revenue from sale of products from xEVs and Auto - Tech-Agnostic components by investing in the development of more lightweight aluminium components, which are used across Auto-ICE vehicles and xEVs,. We think that these investments will increase our revenue per vehicle by increasing the number of components we can supply per vehicle.

We also plan to explore inorganic growth opportunities in the components for the xEV segment.

Amplifying efficiency through digitalization and innovation

We plan to continue to leverage automation, data analytics and interconnected systems to enhance production precision, reduce downtime and optimize resource utilization. We have introduced Industry 4.0, also referred to as the Fourth Industrial Revolution or 4IR, which represents the next evolution in the digital transformation of manufacturing, driven by emerging trends like increased data exchange, enhanced connectivity, smarter analytics, and improved human-machine collaboration. ("**Industry 4.0**") (*source: the CRISIL Report*), to our infrastructure to drive smart integration. This has enabled us to do the following:

- Real-time shop floor visualization, which enhances our operational transparency and enables faster decision making;
- Multi-plant remote monitoring via a cloud network, through which we have seamless oversight and coordination across facilities;
- Machine data application, which can automate data collection and apply such data thereby increase precision and efficiency in the manufacturing process;
- Shop floor and top floor integration, which ensures agile decision-making and responsiveness to market dynamics;
- Receive proactive maintenance alerts;
- Streamline corrective actions; and
- Receive comprehensive performance analysis.

As Industry 4.0 has proven advantageous to our manufacturing processes, we intend to continue expanding our machine data acquisition and analytics capabilities, starting with the continued development of cloud-based remote monitoring to enable better coordination across facilities, and intensifying our efforts to integrate artificial intelligence-driven predictive maintenance for optimal resource use.

Bolstering prospects with strategic investments

In Fiscal 2024, our Company invested ₹ 200 million for the acquisition of a 21% stake in MMRFIC Technology Pvt Ltd. Our agreement with MMRFIC Technology Pvt Ltd gives us the right to acquire up to an additional 30% stake in MMRFIC Technology Pvt Ltd, bringing our stake up to 51%, at a predefined valuation formula. On August 20, 2024, the Board approved an additional investment of ₹ 200.00 million in MMRFIC Technology Pvt Ltd, in the form of convertible preference shares in one or more tranches. Pursuant to the same, we made an investment of ₹ 50.00 million in MMRFIC Technology Pvt Ltd. The equity percentage will be decided on conversion of the convertible preference shares based on the Company's EBIDTA for FY2025. Through these investments, we have established a relationship that will enable us to synergize technologies with MMRFIC Technology Pvt Ltd and create new opportunities with new technological advancements. Our initial investment helped MMRFIC Technology Pvt Ltd to expand its facilities and production capabilities, with a new 14,000 sq. ft. facility with an advanced clean room, automated assembly capabilities, and modern equipment, which can produce miniaturized systems and components. We intend to use this partnership to leverage radar technology for the automotive and defence sectors, such as for passenger safety and driving assistance in the automotive sector, and defence surveillance, imaging and target tracking in the defence sector.

Future-proofing our business with strategic diversification

In order to future-proof our business, we plan to continue to diversify strategically in three ways: (i) market diversification; (ii) business segment diversification; and (iii) customer diversification.

Market diversification enables us to meet international demand for diverse product offerings. Due to our strategic diversification efforts in Auto - Tech Agnostic and xEV and the non-automotive sector, our revenue from customers in foreign countries increased from ₹ 6,875.08 million for Fiscal 2022 to ₹ 8,262.16 million for Fiscal 2024, a CAGR of 9.62%, and from ₹ 1,949.36 million for the three months ended June 30, 2023 to ₹ 2,271.79 million for the three months ended June 30, 2024, an increase of 16.54%. For the three months ended June 30, 2024 and 2024 and Fiscals 2024, 2023 and 2022, 32.44%, 31.61%, 31.34%, 28.41% and 37.05% of our revenue from sale of products were derived from revenue from customers in foreign countries. For information on our revenue from customers in foreign countries, see "*Our Business – Overview*" on page 263.

Our business segment diversification efforts have been characterized by rapidly growing into emerging business areas, which is evidenced by a shift in revenue sources. Our revenue from sale of products for Auto Tech-Agnostic and xEV increased from ₹ 1,124.69 million in Fiscal 2022 to ₹ 3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹ 750.33 million in the three months ended June 30, 2023 to ₹ 1,132.57 million in the three months ended June 30, 2024, an increase of 50.94%, and our revenue from sale of products for the non-automotive sector increased from ₹ 1,958.34 million in Fiscal 2022 to ₹ 3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹ 721.36 million in the three months ended June 30, 2023 to ₹ 838.88 million in the three months ended June 30, 2024, an increase of 16.29%. Our revenue from sale of products in the Auto - Tech Agnostic and xEV segments and the non-automotive sector (combined) has increased from 16.60% of our revenue from sale of products in Fiscal 2022 to 24.57% in Fiscal 2024 and further increased to 28.15% in the three months ended June 30, 2024. In the long-term, we aim to achieve a more balanced revenue mix between Auto - ICE and the other segments/sector and to have more than 40% of our revenue from sale of products from the Auto Tech Agnostic and xEV segments and the non-automotive sector combined.

We have achieved a successful reduction in the dependence on our top five and top 10 customers by putting customer diversification strategies in place, to broaden our customer base and mitigate risks of over-dependency on certain customers to ensure long-term stability and we plan to continue to add new customers. The table below sets forth number of our customers as at the dates indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of customers	77	73

Note: *Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022.*

Particulars	Year ended March 31,		
	2024	2023	2022
Number of customers	88	89	79

For the three months ended June 30, 2024 and 2023, our top five customers contributed 46.06%, and 47.66%, of our revenue from sale of products, respectively, and our top 10 customers contributed 65.62% and 68.93% of our revenue from sale of products, respectively, For Fiscals 2024, 2023 and 2022, our top five customers contributed 47.26%, 50.79% and 53.87% of our revenue from sale of products, respectively, and our top 10 customers contributed 67.91%, 70.99% and 71.72% of our revenue from sale of products, respectively. For more details, see "*Risk Factors – Our business is dependent on the sale of our products to certain key customers. The loss of any of these customers or loss of revenue from sales to these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 56.

Going forward, we intend to continue our strategic diversification efforts by investment in research and development into market trends, and enter into strategic partnerships to allow us to enter into new territories, so that we can further increase our exports and revenue from sale of products in the Auto - Tech Agnostic and xEV segments and the non-automotive sector.

Pursue multiple growth levers

We intend to pursue multiple growth levers by (i) consolidating and strengthening our global market share in our existing Auto – ICE product portfolio, (ii) strengthening our xEV business, (iii) leveraging our existing capabilities in Auto Tech Agnostic products, especially aluminium forged components, and (iv) maintain our momentum to grow our non-auto sector business and increase our exports by diversifying further into non-automotive businesses and expanding our addressable market.

Our revenue sale of products for Auto – ICE increased from ₹ 15,474.82 million in Fiscal 2022 to ₹ 19,884.22 million in Fiscal 2024, a CAGR of 13.36%, and from ₹ 4,695.70 million in the three months ended June 30, 2023 to ₹ 5,032.44 million in the three months ended June 30, 2024, an increase of 7.17%. We have been gaining market share in connecting rods in terms of production volume (units) for (i) Light Vehicles with a global market share of 2.81% in CY 2023 compared to a global market share of 2.3% in CY 2020 and (ii) CVs with a global market share of 4.34% in CY 2023 compared to a global market share of 3.0% in CY 2020 (*source: the CRISIL Report*). We intend to focus on increasing our market share, both globally and in India, across our existing Auto - ICE product portfolio by gaining wallet share from existing customers and adding new customers, predominantly in light vehicles and commercial vehicles.

For details on our plans to strengthen our xEV business, see "*Our Business – Strategies – Leveraging opportunities in the promising EV & hybrid vehicle segments*" on page 278.

Our revenue sale of products for Auto – Tech Agnostic and xEV increased from ₹ 1,124.69 million in Fiscal 2022 to ₹ 3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹ 423.99 million in the three months ended June 30, 2023 to ₹ 711.63 million in the three months ended June 30, 2024, an increase of 191.66%. We intend to increase our revenue from sale of products for Auto – Tech Agnostic by leveraging our existing capabilities in Auto Tech Agnostic products, especially aluminium forged components. In particular, we plan to leverage on the light weighting trend in the automotive sector across various vehicle segments, particularly in the premium segments of two wheelers and light vehicles.

Our revenue sale of products for the non-automotive sector increased from ₹ 1,958.34 million in Fiscal 2022 to ₹ 3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹ 721.36 million in the three months ended June 30, 2023 to ₹ 838.88 million in the three months ended June 30, 2024, an increase of 16.29%. CRISIL MI&A forecasts the market for precision engineered components for non-automotive applications (including defence, engineering and capital goods, power, aircraft and other niche applications, such as tractors, construction equipment, railways, medical etc.) to grow at a CAGR of approximately 7-9% from Fiscal 2024 to Fiscal 2030 to reach ₹ 5,586 billion by Fiscal 2030 from ₹ 3,518 billion in Fiscal 2024 (source: the CRISIL Report). We currently manufacture components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines. In February 2023, we secured business for larger connecting rods for use in stationary engines from a North America based OEM. We plan to maintain our momentum to grow our non-automotive business and enhance our exports by developing and manufacturing additional precision components for other non-automotive applications where we can leverage our engineering capabilities.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 55, 94, 340, 325 and 358, respectively.

Issuer	Sansera Engineering Limited
Face Value	₹2 per Equity Share
Issue Price	₹[●] per Equity Share (including a premium of ₹[●] per Equity Share)
Floor Price	₹1,635.48 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Board may, in consultation with the Book Running Lead Managers, offer a discount of not more than 5.00% on the Floor Price, in accordance with the approval of our Board accorded by way of a resolution dated August 20, 2024 and the Shareholders of our Company accorded by way of a special resolution passed at the AGM held on September 26, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹[●] million*. A minimum of 10.00% of the Issue Size i.e., at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs. ** Subject to allotment of Equity Shares pursuant to the Issue.*
Date of Board Resolution authorizing the Issue	August 20, 2024
Date of shareholders' resolution authorizing the Issue	September 26, 2024
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered shall be determined by our Company in consultation with the Book Running Lead Managers, at its discretion. For further details, see "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 330, 343 and 353, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 358 and 114, respectively.
Taxation	See "*Taxation*" on page 362
Equity Shares issued and outstanding immediately prior to the Issue	53,998,324 fully paid-up Equity Shares
Subscribed and paid-up Equity Share capital at face value prior to the Issue	₹107,996,648
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Issue Procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, please see the section entitled "*Issue Procedure*" on page 325.
Listing and trading	Our Company has obtained in-principle approvals each dated October 10, 2024 from the Stock Exchanges in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants. The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges.

Lock-up	For details in relation to lock-up, see "*Placement and Lock-up*" on page 340.	
Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 376 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company	
Transferability restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, please see "*Purchaser Representations and Transfer Restrictions*" on page 353.	
Use of proceeds	The gross proceeds from the Issue will be aggregating to approximately ₹[●] million*. The Net Proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue, will be approximately ₹[●] million. For details, see "*Use of Proceeds*" on page 94 for additional information regarding the use of net proceeds from the Issue. ** Subject to allotment of Equity Shares pursuant to the Issue.*	
Risk factors	For details, see "*Risk Factors*" on page 55 for a discussion of risks you should consider before participating in the Issue.	
Closing Date	The Allotment of Equity Shares offered pursuant to this Issue is expected to be made on or about [●], 2024.	
Ranking and Dividend	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, please see "*Dividends*" and "*Description of the Equity Shares*" on pages 114 and 358, respectively.	
Security codes for the Equity Shares	ISIN	INE953O01021
	BSE Code	543358
	NSE Symbol	SANSERA

SELECTED FINANCIAL INFORMATION

The following selected financial information of our Company is extracted from and should be read in conjunction with, the Audited Consolidated Financial Statements, the Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Results included elsewhere in this Preliminary Placement Document.

You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 115, for further discussion and analysis of the Audited Consolidated Financial Statements, the Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Results.

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Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Balance Sheet as at

(Amount in ₹ millions)

Particulars	As at 30 Jun 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
	Unaudited	Audited	Audited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment	15,184.45	14,625.13	12,691.41	11,040.79
Right-of-use assets	904.20	841.86	873.12	977.27
Capital work in progress	893.32	835.00	756.61	1,224.25
Goodwill	345.05	343.28	347.07	352.25
Other Intangible assets	41.16	29.59	24.54	23.96
Investments accounted for using the equity method	204.21	205.06	-	-
Financial assets				
(i) Investments	195.43	195.43	104.93	104.93
(ii) Loans	21.53	18.01	8.99	15.72
(iii) Other financial assets	298.14	295.06	279.03	287.95
Current tax assets (net)	84.90	87.51	85.08	28.30
Other non-current assets	586.14	456.42	313.72	209.33
Total non-current assets	**18,758.53**	**17,932.35**	**15,484.50**	**14,264.75**
Current assets				
Inventories	4,582.50	4,189.11	3,709.63	2,776.03
Financial assets				
(i) Investments	9.59	10.19	6.73	5.97
(ii) Trade receivables	4,772.11	4,622.12	4,327.31	4,085.64
(iii) Cash and cash equivalents	1,167.80	486.35	495.58	383.44
(iv) Bank balances other than cash and cash equivalents	299.37	143.35	120.83	119.84
(v) Loans	27.06	25.13	32.45	25.15
(vi) Other financial assets	31.07	77.87	188.63	201.69
Other current assets	591.07	440.90	262.97	347.18
Total current assets	**11,480.57**	**9,995.02**	**9,144.13**	**7,944.94**
Total Assets	**30,239.10**	**27,927.37**	**24,628.63**	**22,209.69**

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Balance Sheet as at (Continued)

(Amount in ₹ millions)

Particulars	As at 30 Jun 2024 Unaudited	As at 31 March 2024 Audited	As at 31 March 2023 Audited	As at 31 March 2022 Audited	
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	108.00	107.23	105.86	104.31	
Other equity	13,967.09	13,366.73	11,573.48	10,129.51	
Total equity attributable to owners of the Company	14,075.09	13,473.96	11,679.34	10,233.82	
Non-controlling interests	164.45	159.24	140.34	119.34	
Total equity	**14,239.54**	**13,633.20**	**11,819.68**	**10,353.16**	
Liabilities					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	3,489.19	2,515.86	2,630.25	2,335.04	
(ii) Lease liabilities	837.86	796.10	821.32	910.63	
Provisions	30.57	27.34	28.92	82.23	
Deferred tax liabilities (net)	700.06	692.42	688.60	641.93	
Other non-current liabilities	503.25	497.18	487.40	509.82	
Total non-current liabilities	**5,560.93**	**4,528.90**	**4,656.49**	**4,479.65**	
Current liabilities					
Financial liabilities					
(i) Borrowings	5,696.19	5,495.13	4,490.86	4,116.40	
(ii) Lease liabilities	106.13	99.50	99.81	102.51	#
(iii) Trade payables					
- Total outstanding dues of micro enterprises and small enterprises	327.13	308.26	202.72	77.54	
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,634.12	3,249.41	2,724.06	2,575.43	
(iv) Other financial liabilities	193.83	248.28	188.60	121.83	
Other current liabilities	402.69	308.44	415.68	263.55	
Provisions	17.04	15.72	25.73	111.14	
Current tax liabilities (net)	61.50	40.53	5.00	8.48	
Total current liabilities	**10,438.63**	**9,765.27**	**8,152.46**	**7,376.88**	
Total Equity and Liabilities	**30,239.10**	**27,927.37**	**24,628.63**	**22,209.69**	

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Profit and Loss

(Amount in ₹ millions)

Particulars	For the period ended 30 June 2024	For the period ended 30 June 2023	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
	Unaudited	Unaudited	Audited	Audited	Audited
Revenue from operations	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32
Other income	3.98	4.26	24.26	100.69	154.93
Total Income	**7,443.31**	**6,604.92**	**28,138.58**	**23,561.13**	**20,045.25**
Expenses					
Cost of materials consumed	3,318.37	3,083.76	12,505.73	10,863.04	8,871.08
Changes in inventories of finished goods and work-in-progress	(276.48)	(189.51)	(330.33)	(688.46)	(230.08)
Employee benefits expense	1,068.20	910.12	3,797.82	3,179.61	2,773.58
Finance costs	192.62	189.26	770.06	615.10	510.13
Depreciation and amortisation expenses	399.59	348.70	1,494.80	1,300.80	1,197.03
Other expenses	2,053.96	1,652.76	7,342.59	6,258.72	5,139.83
Total expenses	**6,756.26**	**5,995.09**	**25,580.67**	**21,528.81**	**18,261.57**
Profit before tax	**687.05**	**609.83**	**2,557.91**	**2,032.32**	**1,783.68**
Tax expense:					
Current tax	174.47	141.46	681.93	476.73	427.85
Adjustment of tax relating to earlier years	-	-	5.27	18.86	7.65
Deferred tax	10.30	16.67	0.28	53.31	29.29
Total tax expense	**184.77**	**158.13**	**687.48**	**548.90**	**464.79**
Share of profits of associate, net of tax	(0.85)	-	5.06	-	-
Profit for the period/year	**501.43**	**451.70**	**1,875.49**	**1,483.42**	**1,318.89**
Other Comprehensive Income/(Loss)					
Items that will not be reclassified to profit or loss					
Re-measurement of the net defined benefit liability	(8.99)	2.16	(12.68)	(26.40)	25.64
Income tax relating to items that will not be reclassified to profit or loss	2.32	(0.56)	3.07	6.70	(6.45)
Share of Other Comprehensive Income of an associate	(0.05)	-	(0.08)	-	-
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss	**(6.72)**	**1.60**	**(9.69)**	**(19.70)**	**19.19**
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	1.37	2.46	4.10	0.12	(45.14)
Income tax relating to items that will be reclassified to profit or loss	(0.34)	(0.62)	(1.03)	(0.03)	11.36
Net other comprehensive income/(loss) to be reclassified subsequently to profit or loss	**1.03**	**1.84**	**3.07**	**0.09**	**(33.78)**
Other comprehensive income/(loss) for the period/year, net of income tax	**(5.69)**	**3.44**	**(6.62)**	**(19.61)**	**(14.59)**
Total Comprehensive Income for the period/year	**495.74**	**455.14**	**1,868.87**	**1,463.81**	**1,304.30**
Profit attributable to :					
Owners of the Company	495.77	447.16	1,857.55	1,461.95	1,304.52
Non-controlling interests	5.66	4.54	17.94	21.47	14.37
Total profit for the period/year	**501.43**	**451.70**	**1,875.49**	**1,483.42**	**1,318.89**
Other comprehensive income/(loss) attributable to:					
Owners of the Company	(5.24)	3.33	(7.58)	(19.14)	(14.56)
Non-controlling interests	(0.45)	0.11	0.96	(0.47)	(0.03)
Total other comprehensive income/(loss)	**(5.69)**	**3.44**	**(6.62)**	**(19.61)**	**(14.59)**
Total comprehensive income attributable to:					
Owners of the Company	490.53	450.49	1,849.97	1,442.81	1,289.96
Non-controlling interests	5.21	4.65	18.90	21.00	14.34
Total Comprehensive Income for the period/year	**495.74**	**455.14**	**1,868.87**	**1,463.81**	**1,304.30**
Earnings per equity share (face value of ₹ 2 each)					
Basic (in ₹)	9.24	8.43	34.83	27.74	25.27
Diluted (in ₹)	9.16	8.30	34.40	27.17	24.36

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Cash Flows

(Amount in ₹ millions)

Particulars	For the period ended 30 June 2024	For the period ended 30 June 2023	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
	Unaudited	**Unaudited**	**Audited**	**Audited**	**Audited**
Cash flows from operating activities					
Profit before tax including share of profit of associate	686.20	609.83	2,562.97	2,032.32	1,783.68
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation expenses	399.59	348.70	1,494.80	1,300.80	1,197.03
Income from government grants	(15.19)	(14.21)	(58.89)	(55.31)	(52.01)
Adjustment for rental concession and derecognition of lease	-	-	-	-	(4.12)
Interest income	(3.22)	(3.44)	(12.75)	(16.34)	(14.42)
Fair value gain on financial instruments at fair value through profit or loss	0.47	(1.19)	(3.45)	(0.76)	(0.39)
Gain on disposal of property, plant and equipment, net	(0.76)	0.37	(4.75)	(3.45)	(1.88)
Unrealised foreign exchange (gain)/loss, net	0.67	23.82	59.53	(48.26)	3.86
Employee stock compensation expense	8.60	11.50	46.11	60.76	79.89
Finance costs	192.62	189.26	770.06	615.10	510.13
Share of profit from investment in Limited Liability Partnership (LLP)	-	-	(2.92)	-	(4.17)
Share of profit from investment in associate	0.85	-	(5.06)	-	-
Allowance for credit losses	-	-	(52.22)	58.77	-
Operating cash flows before changes in operating assets and libilities	**1,269.83**	**1,164.64**	**4,793.43**	**3,943.63**	**3,497.60**
Changes in operating assets and liabilities:					
Decrease/(increase) in trade receivables	(151.67)	(446.93)	(310.27)	(235.12)	(934.58)
Decrease/(increase) in other financial assets and other assets	(126.02)	(50.73)	(109.20)	92.48	(52.46)
Decrease/(increase) in inventories	(393.39)	(485.55)	(479.48)	(933.60)	(290.34)
Increase/(decrease) in trade payables	402.33	123.97	634.23	267.98	322.30
Increase/(decrease) in other liabilities	92.76	96.47	(106.94)	149.75	49.25
Increase/(decrease) in provisions	(4.44)	(19.44)	(24.27)	(165.12)	(31.92)
Cash generated from operations	**1,089.40**	**382.43**	**4,397.50**	**3,120.00**	**2,559.85**
Income taxes paid, net	(150.89)	(118.23)	(654.10)	(555.82)	(429.20)
Net cash generated from operating activities (A)	**938.51**	**264.20**	**3,743.40**	**2,564.18**	**2,130.65**
Cash flows from investing activities					
Payments for property, plant and equipment	(1,151.16)	(749.64)	(3,355.52)	(2,420.23)	(2,668.28)
Purchase of intangible assets	(13.59)	(13.66)	(17.12)	(11.81)	(6.81)
Proceeds from disposal of property, plant and equipment	2.87	10.44	(13.82)	7.12	4.79
Receipt of government grant	-	-	-	6.56	-
Investment in associate	-	(50.00)	(200.01)	-	
Investment in Limited Liability Partnership (LLP)	-	-	(90.50)	-	(68.00)
Interest received	3.22	3.44	12.75	16.34	14.42
Share of profit from investment in Limited Liability Partnership (LLP)	-	-	2.92	-	4.17
Movement in fixed deposits, net	(156.24)	(16.03)	(22.13)	(6.77)	166.58
Net cash used in investing activities (B)	**(1,314.90)**	**(815.45)**	**(3,683.43)**	**(2,408.79)**	**(2,553.13)**
Cash flows from financing activities					
Proceeds/(repayments) of non-current borrowings:					
Proceeds (refer note (i) below)	1,321.52	-	1,130.39	1,708.79	1,606.01
Repayments (refer note (i) below)	(272.14)	(353.74)	(1,241.60)	(1,380.88)	(1,099.93)
Proceeds of current borrowings, net (refer note (i) below)	123.15	886.08	1,004.58	344.37	464.91
Interest paid (refer note (i) below)	(191.56)	(205.54)	(742.93)	(557.44)	(515.43)
Payment of lease rentals (refer note (i) below)	(12.58)	(23.30)	(128.57)	(118.47)	(71.62)
Dividend payment	-	-	(133.32)	(105.26)	-
Proceeds from issue of equity share capital	102.60	17.30	31.85	47.21	81.52
Net cash used in financing activities (C)	**1,070.99**	**320.80**	**(79.60)**	**(61.68)**	**465.46**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**694.60**	**(230.45)**	**(19.63)**	**93.71**	**42.98**
Cash and cash equivalents at the beginning of the year	486.35	495.58	495.58	383.44	365.00
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(13.15)	16.08	10.40	18.43	(24.54)
Cash and cash equivalents at the end of the period/year (refer below)	**1,167.80**	**281.21**	**486.35**	**495.58**	**383.44**
For the purpose of statement of cash flows, cash and cash equivalents comprise the following:					
Cash on hand	0.53	0.68	0.66	0.70	0.84
Balances with banks - on current accounts	1,167.27	280.53	485.69	494.88	382.60
Cash and cash equivalents at the end of the period/year	**1,167.80**	**281.21**	**486.35**	**495.58**	**383.44**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) the three months period ended June 30, 2024; (ii) the three months period ended June 30, 2023; (iii) Fiscal 2024; (iv) Fiscal 2023; and (v) Fiscal 2022, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled *"Financial Statements"* on page 375.

RISK FACTORS

An investment in the Equity Shares involves a certain degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read in conjunction with "Industry Overview", "Our Business", "Financial Statements", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 165, 263, 375 and 115, respectively, before making an investment decision in relation to the Equity Shares.

The risks described below are not the only ones relevant to us or the Equity Shares or the industry in which we 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 the Equity Shares could decline, and investors may lose all or part of their investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.

In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in the Equity Shares.

This section 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. For details, see "Forward-Looking Statements" on page 21.

Industry and market data used in this section have been derived from the CRISIL Report, which was commissioned by our Company for the purpose of the Issue for an agreed fee. For more details, see "Industry and Market Data" on page 19.

INTERNAL RISK FACTORS

1. We do not have firm commitment long-term supply agreements with our customers. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, as a result of the foregoing, our Order Book or peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. does not represent firm orders and we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book.

We do not generally have firm commitment long-term supply agreements with our customers and instead rely on purchase orders issued by our customers from time to time that set out the commercial terms, delivery conditions and the indicative volumes to be procured from us. Where we have supply agreements with our customers, these agreements set forth the terms of sales but do not bind customers to any specific products, specifications, purchase volumes or duration and can be terminated by our customers with or without cause, with little or no advance notice and without compensation. In addition, such supply agreements provide flexibility to our customers to place an order for a lesser quantity of products in the schedules given to us despite a higher quantity specified in the contract. Customers may also place an order for products with different specifications from those stated in the contract. There is no commitment on the part of the customer to continue to place orders with us. For actual supply, we rely on schedules given to us periodically by our customers. These schedules may be amended or cancelled prior to delivery, and should such amendment or cancellation take place, we may be unable to seek compensation for any surplus products that we manufacture that are unpurchased. As our customers do not typically give these schedules to us until a short time before the products are required from us, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production volume or sales.

In addition, some of the master supply agreements that we have entered into with our customers are governed by foreign laws and are subject to foreign jurisdiction, which may create practical difficulties for us to enforce our rights under these agreements, as we may be unfamiliar with the foreign laws and we may not have a presence in the relevant foreign jurisdictions.

Further, substantially all of our products are customised to specific customer requirements, and we incur significant costs in setting up our capabilities to manufacture these products, which may not be fully recovered from sales of products to our customers in case they reduce sourcing from us. Even though most of our equipment, machinery and production lines are fungible, there would be a time delay in redeploying the equipment, machinery and production lines for use in manufacturing different products, which could adversely affect our results of operations and cash flows. For further details, see "*Our Business – Our Strengths – Advanced capabilities in design and engineering, machine building and automation resulting in continuous new product development and improved productivity, with fungibility of equipment, machinery and production lines across product families and sectors*" on page 274.

Further, any failure to meet customers' expectations could result in the cancellation or non-renewal of our supply agreements with them. Also, purchase orders are typically subject to conditions such as ensuring that all products delivered to the customer have been inspected and are safe for use. Customers may set off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by undertaking more work in-house or replace their existing products with alternative products, any of which may have an adverse effect on our business, financial condition, results of operations and cash flows.

In addition, as result of the foregoing, our Order Book or peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers (the "**Order Book**"), does not represent firm orders and we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book.

2. Our business is dependent on the sale of our products to certain key customers. The loss of any of these customers or loss of revenue from sales to these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are dependent on certain key customers in the automotive sector. The table below sets forth our top 10 customers by revenue for the periods and fiscal years indicated.

Rank	**For the three months ended June 30,**					
	2024			**2023**		
	Customer	**Revenue (₹ in million)**	**% of revenue from operations**	**Customer**	**Revenue (₹ in million)**	**% of revenue from operations**
1.	Bajaj Auto Limited	1,000.61	13.45%	Bajaj Auto Limited	838.63	12.71%
2.	Honda Motorcycle & Scooter India Pvt Ltd	796.15	10.70%	A leading Indian passenger vehicle OEM	692.98	10.50%
3.	A leading Indian passenger vehicle OEM	683.60	9.19%	Honda Motorcycle & Scooter India Pvt Ltd	607.27	9.20%
4.	One of the leading Swedish CV OEMs	386.37	5.19%	One of the leading Swedish CV OEMs	431.39	6.54%
5.	TVS Motor Company Limited	359.37	4.83%	TVS Motor Company Limited	369.29	5.59%
Subtotal		***3,226.10***	***43.37%***		***2,939.56***	***44.53%***
6.	Royal Enfield	303.65	4.08%	A leading European passenger vehicle OEM	319.63	4.84%
7.	Polaris Industries Inc	301.70	4.06%	Polaris Industries Inc	258.25	3.91%
8.	India Yamaha Motor Private Limited	284.37	3.82%	Royal Enfield	255.90	3.88%
9.	Powertrain manufacturing	249.01	3.35%	Powertrain manufacturing	255.18	3.87%

Rank	For the three months ended June 30,					
	2024			2023		
	Customer	Revenue (₹ in million)	% of revenue from operations	Customer	Revenue (₹ in million)	% of revenue from operations
	Ancillary of a leading Japanese OEM			Ancillary of a leading Japanese OEM		
10.	Leading North American EV Light Vehicles OEM	231.39	3.11%	India Yamaha Motor Private Limited	222.82	3.38%
Total		**4,596.23**	**61.78%**		**4,251.34**	**64.41%**
Revenue from operations		7,439.33	100.00%		6,600.66	100.00%

Rank	For the year ended March 31,					
	2024			2023		
	Customer	Revenue (₹ in million)	% of revenue from operations	Customer	Revenue (₹ in million)	% of revenue from operations
1.	Bajaj Auto Limited	3,824.97	13.61%	Bajaj Auto Limited	3,105.38	13.24%
2.	A leading Indian passenger vehicle OEM	2,910.34	10.35%	Honda Motorcycle & Scooter India Pvt Ltd	2,745.83	11.70%
3.	Honda Motorcycle & Scooter India Pvt Ltd	2,724.22	9.69%	A leading Indian passenger vehicle OEM	2,579.83	11.00%
4.	One of the leading Swedish CV OEMs	1,616.31	5.75%	One of the leading Swedish CV OEMs	1,344.86	5.73%
5.	TVS Motor Company Limited	1,381.53	4.91%	A leading European passenger vehicle OEM	1,264.63	5.39%
Subtotal		***12,457.38***	***44.31%***		***11,040.52***	***47.06%***
6.	A leading European passenger vehicle OEM	1,158.25	4.12%	TVS Motor Company Limited	1,189.82	5.07%
7.	Polaris Industries Inc	1,135.62	4.04%	Royal Enfield	885.68	3.78%
8.	Royal Enfield	1,108.09	3.94%	Leading Aerospace Tier 1 supplier	777.70	3.31%
9.	Powertrain manufacturing Ancillary of a leading Japanese OEM	1,028.26	3.66%	India Yamaha Motor Private Limited	775.37	3.30%
10.	India Yamaha Motor Private Limited	1,015.30	3.61%	Powertrain manufacturing Ancillary of a leading Japanese OEM	762.71	3.25%
Total		**17,902.89**	**63.68%**		**15,431.80**	**65.78%**
Revenue from operations		28,114.32	100.00%		23,460.44	100.00%

Rank	For the year ended March 31, 2022		
	Customer	Revenue (₹ in million)	% of revenue from operations
1.	Bajaj Auto Limited	3,078.94	15.48%
2.	Honda Motorcycle & Scooter India Pvt Ltd	2,183.96	10.98%
3.	A leading Indian passenger vehicle OEM	1,898.12	9.54%
4.	One of the leading Swedish CV OEMs	1,566.43	7.88%
5.	A leading European passenger vehicle OEM	1,269.68	6.38%
Subtotal		***9,997.13***	***50.26%***
6.	One of the leading North American PV OEMs	844.46	4.25%
7.	India Yamaha Motor Private Limited	635.32	3.19%
8.	Royal Enfield	633.32	3.18%
9.	Ducati Motor Holding SPA	623.40	3.13%
10.	Polaris Industries Inc	575.57	2.89%
Total		**13,309.21**	**66.91%**
Revenue from operations		19,890.32	100.00%

The loss of any of our top five customers or a loss of revenue from sales to these customers could materially affect our business, financial condition, results of operations and cash flows. Further, as it is common for large OEMs to source their required components from a relatively small number of vendors, our customers often undertake vendor rationalisation to reduce costs related to procurement from multiple vendors. As a result, the volume of sales to our customers may vary due to changes in our customers sourcing strategies. We cannot assure you that we will be able to significantly reduce customer concentration in the future.

We do not have firm long-term purchase agreements with our key customers. We generally supply our products for particular models of vehicles and the discontinuation of, loss of business with respect to, or lack of commercial success of, those particular models of which we are a major supplier of components could reduce our sales and have a material adverse effect on our business, financial condition, results of operations and cash flows. As we are dependent on certain key customers for a significant portion of our sales, the loss of any one of our key customers, if not replaced, may have a material adverse effect on our business, financial condition, results of operations and cash flows.

3. Pricing pressure from our customers may adversely affect our gross margin, profitability and ability to increase our prices, which may in turn have a material adverse effect on our business, financial condition, results of operations and cash flows.

We manufacture and supply complex, high-quality precision forged and machined components for the automotive and non-automotive sectors, primarily supplying to OEMs in India and internationally. OEMs in the precision components industry generally pursue aggressive but systematic price reduction initiatives and objectives each year with their suppliers. We have in the past experienced and may continue to experience pressure from our customers to reduce our prices, which may affect our profit margins going forward. In addition, as any price reduction is the result of negotiations and factors that may be beyond our control, we, like other manufacturers, must be able to reduce operating costs and increase operating efficiencies in order to maintain profitability. As our business is very capital intensive, requiring us to maintain a large, fixed cost base, our profitability is dependent, in part, on our ability to spread fixed costs over higher sales volume. However, we may not be able to spread such fixed costs effectively as our customers generally negotiate for larger discounts in price as the volume of their orders increases. If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, financial condition, results of operations and cash flows may be materially adversely affected.

4. Development of technologically advanced products involves a lengthy and expensive process with uncertain timelines and outcomes. We may be unsuccessful in innovating or developing technologically advanced products or may be unable to add to our existing capabilities, which could adversely affect our business, financial condition, results of operations and cash flows.

Our future growth depends on our ability to continue to develop and commercialize innovative, viable and sustainable new automotive systems and components in a timely and cost-effective manner. The development and commercialization of new products is complex, time-consuming and costly, and its outcome is inherently uncertain. The automotive industry is characterized by rapid and frequent advancements in technology and changes in market demand can often render existing technologies and equipment obsolete and could require substantial new capital expenditures or subject us to write-offs. Due to the long lead times associated with development for many of the technologically advanced automotive systems and components, as well as the competitive advantage that can come from being the initial developer of a new product, it is important that we maintain a sufficiently large portfolio of systems and components and a product pipeline and manage their development processes so as to bring our systems and components to market on a timely basis. The launch of a new product is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Production shortfalls or production delays, if any, or our inability to accurately estimate the cost to design, develop and launch new products could result in our failure to effectively manage our manufacturing costs relating to these product program launches. If we are unable to bring enough products to market, or if products are brought to market after competing products are commercialized, our growth strategy may not be successful, and our business would be adversely affected.

We are dependent on the success of our design and engineering team and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative effect on our competitive position. As at August 31, 2024, a team of 557 personnel supported our design, engineering, machine building, automation and technical support functions. The tables below show our total expenditure on manpower who were with us at the end of each period and fiscal year indicated on engineering activities, including designing, manufacturing, machine building and technical support, and as a percentage of our revenue from operations.

Particulars	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
	₹ in million, except percentages				
Total expenditure on manpower for engineering activities [A]	78.59	64.88	303.45	224.91	173.45
Total expenditure on manpower for engineering activities as a percentage of revenue from operations [B = A/C] (%)	**1.06%**	**0.98**	**1.08%**	**0.96%**	**0.87%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

We cannot assure you that the investments we have made in our engineering division will yield satisfactory results, if any, in terms of improved products. Despite our investments in this area, our engineering efforts may not result in the discovery or successful development of new and innovative systems and components.

One of our strategies is to introduce new products in order to future-proof our business with strategic diversification. For details, see "*Our Business – Our Strategies – Future-proofing our business with strategic diversification*" on page 279. For a table showing the revenue from the sale of new product families introduced in the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022 and such revenue from sale of products as a percentage of our total revenue from sale of products, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition – Introduction of New Product Families, Acquisition of New Customers and increases in Revenue from Sale of Products outside of the Auto – ICE Segment*" on page 121. We cannot guarantee that the new products we introduce will be successful or will continue to be successful, whether due to factors within or outside of our control, such as general economic conditions and failure to predict customer demand or understand market requirements. In the event that such products are unsuccessful, we may lose any or all of the investments that we have made in developing them, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

In addition, even where we successfully develop any such new or improved products in a timely manner, there can be no assurance that the new or improved product will be commercially successful and meet the price expectations of our customers. Further, if our competitors develop new processes or production techniques, or improve existing processes or production techniques that may give them significant cost and marketing advantages, we may be unable to retain our customers, which would adversely affect our revenues and profitability. We also cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products.

5. ***Any failure to adapt to industry trends and evolving technologies to meet our customers' demands may materially adversely affect our business, financial condition, results of operations and cash flows.***

Changes in consumers' preferences, regulatory or industry requirements, or competitive technologies may render certain of our products obsolete or less attractive. For instance, our key products, such as connecting rods and crankshafts, are not used in battery electric vehicles, and our ability to anticipate and successfully develop and introduce new or enhanced products on a timely basis is a significant factor in our ability to remain competitive.

Consumer preferences, especially in many developed markets, appear to be moving in favour of more fuel efficient and environmentally friendly vehicles (s*ource: the CRISIL Report*). However, we may not have the ability to adequately respond to such market trends, such as the penetration of battery electric vehicles in India and internationally. Global sales of battery electric vehicles has increased from 4% of global passenger vehicle sale volume in CY2019 to 14% in CY2023, and penetration of battery electric vehicles in the global commercial vehicle segment is also steadily increasing due to its better fuel efficiency. (*source: the CRISIL Report*). Within the Indian market, CRISIL MI&A forecasts that by Fiscal 2029, in terms of sales, electric vehicle penetration in passenger vehicles will be approximately 12-14% and electric vehicle penetration in two-wheelers will be 23-25% (s*ource: the CRISIL Report*). For more details, see "*Industry Overview*" on page 165.

There can be no assurance that we will be able to secure the necessary technological knowledge to enable us to develop our product portfolio as planned. For instance, we may not be able to install and commission the facilities required to manufacture new products for our customers in time for the start of production, and the transitioning of our manufacturing facilities and resources to full production for new products may adversely affect production rates or other operational efficiency measures at our facilities. Any failure on our part to successfully adopt such technologies in a cost effective and a timely manner may increase our costs and lead to us being less competitive.

We could also face competition for potential future revenue streams if our competitors are able to commercialise certain innovations before we can do so. We may have to procure a license for the technology, which may not be available on reasonable terms, if at all, and may significantly increase our operating expenses or may require us to restrict our business activities in one or more respects. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If we fail to develop sufficient revenue streams covered by adequately robust intellectual property rights, we could lose market share and revenues to competitors. Any of these developments, alone or in combination, may have a material adverse effect on our business, financial condition, results of operations and cash flows.

6. We derive a substantial portion of our revenue from our key product families, especially connecting rods, and if these products become obsolete it would have a material adverse effect on our business, financial condition, results of operations and cash flows.

We derive a substantial portion of our revenue from our key product families, especially connecting rods. For details of our revenues generated from the sale of these key product families, see "*Our Business – Our Strengths – A leading supplier of complex and high-quality precision engineered components with a diversified and resilient product portfolio*" on page 269.

We were the 10th ranked global supplier of connecting rods within the light vehicle segment (passenger vehicles with gross vehicle weight of 3.5 tonnes or less, "**Light Vehicle**") in terms of production volume (units) for CY 2023 and the 8th ranked global supplier of connecting rods within the commercial vehicle segment in terms of production volume (units) for CY 2023 (*source: the CRISIL Report*). We have been gaining market share in connecting rods in terms of production volume (units) for (i) Light Vehicles with a global market share of 2.81% in CY 2023 compared to a global market share of 2.3% in CY 2020 and (ii) commercial vehicles with a global market share of 4.34% in CY 2023 compared to a global market share of 3.0% in CY 2020 (*source: the CRISIL Report*). Given our leadership position in connecting rods and the fact that connecting rods have multiple end use applications across both automotive (two-wheelers, passenger vehicles, and commercial vehicles) as well as certain non-automotive sectors (off-road vehicles and agriculture segments and industrial and marine engines), we expect connecting rods to continue to account for a large percentage of our revenue in the near term. Continued market acceptance of these products is therefore critical to our future success.

7. We depend on our Key Managerial Personnel, Senior Management and other personnel with technical expertise, and if we are unable to recruit and retain qualified and skilled personnel, our business and our ability to operate or grow our business may be adversely affected.

Our success depends to a large extent on the continued services of our Key Managerial Personnel, Senior Management and other personnel with technical expertise. In the event that they no longer work for us, there is no assurance that we will be able to find suitable replacements for such Key Managerial Personnel or Senior Management in a timely manner or at all and implement a smooth transition of responsibilities to any newly appointed Key Managerial Personnel or Senior Management. The market for qualified professionals is competitive and we may not continue to be successful in our efforts to attract and retain qualified people. We may therefore need to increase compensation and other benefits in order to attract and retain personnel in the future, which may adversely affect our results of operations.

The table below sets forth the attrition and attrition rate of our Key Management Personnel, Senior Management, confirmed employees, trainees and apprentices, and total employees during the period and Fiscals indicated and the number of our Key Management Personnel, Senior Management, confirmed employees, trainees and apprentices, and total employees as at the dates indicated.

Particulars	**As at and for the three months ended June 30, 2024**	**As at and for the year ended March 31,**		
		2024	**2023**	**2022**
Attrition of Key Managerial Personnel for the period/year [A]	-	-	-	-
Attrition rate of Key Managerial Personnel	-	-	-	-

Particulars	As at and for the three months ended June 30, 2024	As at and for the year ended March 31,		
		2024	2023	2022
for the period/year [B = A/D] (%)				
Total Key Managerial Personnel at the end of the period/year [C]	5	5	5	5
Total Key Managerial Personnel at the end of the year plus Key Managerial Personnel who left during the period/year [D = A + C]	5	5	5	5
Attrition of Senior Management for the period/year [E]	2	0	1	3
Attrition rate of Senior Management for the period/year [F = E/H] (%)	8.00%	0%	5.00%	14.29%
Total Senior Management at the end of the period/year [G]	23	25	19	18
Total Senior Management at the end of the year plus Senior Management who left during the period/year [H = E + G]	25	25	20	21
Attrition of confirmed employees(1) for the period/year [I]	69	271	278	220
Attrition rate of confirmed employees for the period/year [J = I/L] (%)	2.44%	9.11%	10.27%	8.88%
Total confirmed employees at the end of the period/year [K]	2,760	2,703	2,428	2,258
Total confirmed employees at the end of the year plus confirmed employees who left during the period/year [L = I + K]	2,829	2,974	2,706	2,478
Attrition of trainees and apprentices(2) for the period/year [M]	308	1,142	1,178	1,334
Attrition rate of trainees and apprentices for the period/year [N = M/P] (%)	8.89%	30.60%	34.22%	37.41%
Total trainees and apprentices at the end of the period/year [O]	3,157	2,590	2,264	2,232
Total trainees and apprentices at the end of the year plus trainees and apprentices who left during the period/year [P = M + O]	3,465	3,732	3,442	3,566
Attrition of total employees(3) for the period/year [Q]	379	1,413	1,457	1,557
Attrition rate of total employees for the period/year [R = Q/T] (%)	5.99%	20.98%	23.60%	25.65%
Total employees at the end of the period/year [S]	5,945	5,323	4,716	4,513
Total employees at the end of the year plus Total employees who left during the period/year [T = Q + S]	6,324	6,736	6,173	6,070

Notes:

(1) Confirmed employees excludes trainees and apprentices who are not confirmed.

(2) Trainees and apprentices not confirmed employees – they are employed for a fixed tenure and there is a regular churn.

(3) Total employees includes Key Managerial Personnel, Senior Management, confirmed employees and trainees and apprentices.

We are a technology driven company with significant focus and investment in our in-house engineering capabilities. Our future success, amongst other factors, will depend upon our ability to continue to attract and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop technologically advanced systems and components and support key customers and products. The specialised skills we require in our industry are difficult and time-consuming to acquire and, as a result, are in short supply. We require a long period of time to hire and train replacement personnel when we lose skilled employees. Our inability to hire, train and retain a sufficient number of qualified employees could delay our ability to bring new products or services to the market and impair the success of our operations.

This could have an adverse effect on our business and results of operations.

Our success also depends, in part, on key customer relationships forged by our Key Managerial Personnel and Senior Management. If we were to lose these members of the senior management, we cannot assure you that we will be able to continue to maintain key customer relationships or renew them, which could adversely affect our business, financial condition, results of operations and cash flows.

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

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

As at August 31, 2024, 1,123 of our employees were members of labour unions. Accordingly, it may be difficult for us to maintain flexible labour policies and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention. Labour unrest or work stoppages or other slowdown at one or more of our manufacturing facilities may cause us to experience a significant disruption of our operations and to pay penalties for the late delivery of our products. Labour unrest or strikes associated with our operations could also damage our reputation with customers or in the market generally. Since April 1, 2021, there has been no strikes at our plants.

We have entered and may in the future enter into wage settlement agreements, including revised wage structures, ex-gratia payments, attendance bonuses and the provision or enhancement of insurance policies with unions or work councils under which we incur certain obligations or agree to certain limitations or conditions for a period of time with respect to certain personnel, workplaces, departments or product lines. If a greater percentage of our work force becomes unionised, our labour costs may increase. Historically, labour costs in the precision components industry in India have been significantly lower than labour costs in developed countries for comparable skilled technical personnel. However, in the long-term, increases in labour costs in India may make us less competitive unless we are able to increase our efficiency and productivity proportionately and we can pass on such costs in the prices that we charge our customers. Any significant increase in our labour costs may have an adverse effect on our business, financial condition, results of operations and cash flows. In addition, our collective bargaining agreements are subject to renegotiation with the unions from time to time and it is possible that employees could demand for arrangements that could cause us to incur higher employment costs. Such agreements or arrangements could limit our ability to adjust workforce headcounts or salaries or to restructure our business in response to difficult economic conditions. This reduced flexibility could have an adverse effect on our business, financial condition, results of operations and cash flows.

9. ***If we fail to keep our technical knowledge confidential, it may erode our competitive advantage and have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We possess technical knowledge and know-how about our products, including, in particular, engineering drawings, exclusively licensed-in technologies, data and manufacturing processes and materials expertise, machine building and automation capabilities that have been built up through our own research and development capabilities and grant us access to new technologies. While we rely on a combination of trademark laws, confidentiality procedures and contractual provisions to protect our intellectual property, we cannot be certain that the steps we have taken will prevent unauthorised use of our intellectual property. As a result, we cannot be certain that our technical knowledge will remain confidential. For more details on our intellectual property, see "*Our Business – Intellectual Property*" on page 303. We have not made any applications for registration of any copyrights or patents under applicable laws.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements with our key employees to protect our technical knowledge and other confidential information, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure agreements with a number of our customers and suppliers, but we cannot assure you that such agreements will be successful in protecting our technical knowledge and know-how. The potential damage from such disclosure is increased as our designs and products are not patented and thus, we may have no recourse against copies of our products and designs that enter the market subsequent to such leakage.

In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the precision components industry could be compromised. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Moreover, we may not be able to detect any unauthorised use or to take appropriate and timely steps to protect our confidential technical information. Consequently, any leakage of confidential technical information may have a material adverse effect on our business, financial condition, results of operations and cash flows.

10. Our incremental business pipeline may not be indicative of our future growth rate or new business orders we will receive in the future. Further, we may not realize all of the revenue expected from our incremental business pipeline.

The amount of our sales to the customers, including the realization of future sales from awarded business or obtaining new business or customers, is inherently subject to a number of risks and uncertainties, including the accuracy of customer estimates relating to the volumes to be produced and sold and the timing of such production. Typically, we participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of the issue of a request for information or request for quote for securing new business. For more details on our customer acquisition process, see "*Our Business – Sales and Marketing – Customer Acquisition Process*" on page 297. Upon winning a business, we expect to receive all or a sizable portion of revenue from it. However, there is no assurance in relation to the sales volumes and revenue that the awarded business will eventually generate for us. Further, our customers may, due to various reasons, delay or cancel the launch of a new vehicle/product for which we have been awarded a contract to manufacture one or more parts for.

Since we do not have firm commitment long-term supply agreements with our customers, we may not have any recourse in the event of an unexpected delay or cancellation of a new vehicle/product for which we have been awarded a contract to manufacture one or more parts for. We base our growth projections, in part, on volume projections given to us by our customers. Under the letter of intent or purchase orders, our customers provide us only with forecast volume for the program and there is no commitment on the part of the customer to purchase the quantities specified in the volume projections. Such volume projections are based on a number of economic and business factors, variables and assumption, some or all of which may change or may not be accurate. Accordingly, our business pipeline and growth projections are not necessarily an accurate indication of what our actual sales and revenues from such orders will be, nor does it purport to project our results of operations, financial position or cash flows for any future period or date. Accordingly, we may not be able to realize all of the future sales represented by our business pipeline and this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

11. We may not be successful in implementing our growth strategies, such as developing multiple technology driven systems and components to cater to growing opportunities in electrification of vehicles and extending our existing capabilities to engineer additional precision components for non-automotive applications, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The success of our business depends greatly on our ability to effectively manage our business and implement our strategies. For details, see "*Our Business – Our Strategies*" on page 277.

In pursuing our growth strategy, we will require significant capital investments, which may have a material adverse effect on financial condition and results of operations. We may also be exposed to certain risks, including difficulties arising from operating a larger and more complex organization, the failure to efficiently and optimally allocate management, technology and other resources across our organization, the failure to compete effectively with competitors, the failure to increase our production capacity, the inability to obtain sufficient financing for expected capital expenditures or control our costs, unexpected delays in completing projects or acquisitions, delays in the granting of regulatory approvals, and unforeseen legal, regulatory, property, labour or other issues.

As we continue our growth by introducing new products, we may encounter regulatory, personnel and other difficulties that may increase our expenses and/or delay our plans. Our success in entering new verticals and sectors is also subject to factors including the nature and trends affecting these verticals and sectors, demand for precision components for products in these verticals and sectors, general economic conditions that affect customers in these verticals and sectors and competition in these verticals and sectors. In addition, the costs associated with entering and establishing ourselves in new geographical markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. Our business may also be subject to many risks and challenges, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws, rules and regulations.

There can be no assurance that our growth strategies will be successfully implemented or completed or that if completed, they will result in the anticipated growth in our revenues or improvement in our results of operations. We also cannot assure you that we will be able to continue to expand further, or at the same rate. Further, we expect our growth strategies to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business, financial condition, results of operations and cash flows.

12. We are subject to strict performance requirements, including, but not limited to, quality, delivery and development activities, and any failure by us to comply with these performance requirements may lead to the cancellation of existing and future orders, recalls or warranty and liability claims.

As a precision engineered component manufacturer, we are engaged in the production and supply of critical and complex components with close tolerances, for which we warrant conformity to specifications and/or drawings provided by our customers and continued usage of the product for a specified time or cycles. Given the nature of our products and the sectors we cater to, product defect issues or our products' failure to comply with quality or regulatory standards may lead to the cancellation of existing and future orders, product recalls and warranty and liability claims, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our contracts with customers have standard liability clauses in relation to quality and delivery of our products, which ordinarily do not have any limits. Accordingly, we are required to undertake or provide guarantees for such quality and delivery related obligations, which may or may not be capped. Depending on the terms under which we supply products, if we supply defective products, our customers may hold us responsible for some or all of (i) the repair or replacement costs of defective products; and (ii) the costs of product recalls, product liability or warranty claims, which could adversely affect our reputation and business and, to the extent not covered by insurance, our financial condition, results of operations, and cash flows. In addition, if our supply of defective products causes our customers to fail to comply with applicable regulations, it may also cause adverse consequences to be imposed on us, including warning letters, fines, injunctions, civil penalties, the refusal of regulatory authorities to grant approvals, delays, suspensions or withdrawal of approvals, licence revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could materially harm our reputation, business, financial condition, results of operations and cash flows. Since April 1, 2021, we have not been subject to any liability claims by customers in relation to them failing to comply with applicable regulations due to our supply of defective products.

Furthermore, we may be subject to liability claims by third parties in the event that the use of any of our products results in personal injury or property damage, which could adversely affect our reputation and business and, to the extent not covered by insurance, our financial condition, results of operations and cash flows. Since April 1, 2021, we have not been subject to any liability claims by third parties due to the use of our products resulting in personal injury or property damage.

Defect issues or our products' failure to comply with quality standards could be caused by defects or quality issues in the products we buy from third parties and incorporate into the products we manufacture. There can be no assurance we would be able to recover from such third parties any losses we incurred as a result of any defects or failure of our products to comply with quality standards caused by products supplied to us by such third parties.

Although we have product liability insurance, we may not be covered for all situations that may arise with regard to any defects in our products. We had nil compensation paid for warranty claims in the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022.

A U.S.-based customer (the "**Tier 1 Supplier**"), notified us via a demand letter dated July 1, 2021 of its intent to file a lawsuit against us in the United States. This was in relation to the Tier 1 Supplier settling an OEM customer claim at € 3.70 million (approximately ₹ 325.90 million based on the exchange rate of 1 € = ₹ 88.0819 on July 1, 2021 (*source: reference rate of Financial Benchmark India Private Limited*)) for costs related to warranty and field service actions and recalls. While the Tier 1 Supplier has alleged that this was caused by supply of certain non-conforming products by us, we have refuted the allegations and disputed the Tier 1 Supplier's claim and made a provision of ₹ 15.0 million. Negotiations and mediation efforts to resolve the matter with the Tier 1 Supplier for settlement of this dispute failed, and we proceeded with litigation in the court. On August 28, 2024, the court issued a ruling dismissing all claims from the Tier 1 Supplier seeking payment from our Company. The time for the Tier 1 Supplier to appeal this ruling has not expired, so we cannot guarantee that we will not incur any liability in relation to this claim if the Tier 1 Supplier appeals this ruling.

We cannot guarantee that we can continue to comply with all regulatory requirements or the quality standards required by our customers. Due to the longer useful life of some our products, it is possible that latent defects may not appear for several years.

13. Our operations are subject to environmental, health and safety laws, which could result in material liabilities in the future.

We are subject to applicable laws and regulations and customer specifications with respect to the protection of the environment and employee health and safety in each of the jurisdictions in which we operate. Our manufacturing processes and products are subject to stringent quality and safety standards and new laws and regulations may be imposed from time to time that may increase our compliance costs or restrict our operations. There can be no assurance that these requirements will not become more stringent over time.

The nature of our operations involves individuals working under potentially dangerous circumstances. Our operations are subject to significant hazards, including explosions, fires, mechanical failures and other operational problems, discharges or releases of hazardous substances, chemicals or gases and other environmental risks. Since, April 1, 2021, we have experienced nine work-related injuries, including one fatality. We have paid an aggregate amount of ₹1.93 million for the medical expenses of the persons injured in these accidents and there are no outstanding legal proceedings in relation to such accidents. After each incident, we conducted a thorough internal investigation as to the reasons that the incident occurred and implemented policy and process changes aimed at minimising the risk of similar future incidents. However, there can be no assurance there will not be any fatalities, accidents or other incidents that occur at our facilities in the future and any such occurrence could result in claims for damages against us. Although we have insurance for personal injury claims, any damages that exceed our maximum coverage could have an adverse effect on our financial condition, results of operations and cash flows.

A risk of environmental liability is inherent in our manufacturing activities, and we are subject to numerous environmental laws and regulations in India and Sweden, which govern, among other things, air emissions, wastewater discharge and the handling, storage and disposal of hazardous substances and waste. Under these and other environmental laws and regulations, we could be held solely or jointly and severally responsible, regardless of fault, for the remediation of any hazardous substance contamination at our past and present facilities for which we may incur substantial costs or any consequences arising out of human exposure to such hazardous substances and could also be held liable for damages to natural resources or other environmental damage. If we fail to comply with environmental laws, regulations and permits, we could be subject to penalties, fines, restrictions on operations or other sanctions, and our operations could be interrupted or suspended. Any of the above actions may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our Company has received notices and demand orders from the Uttarakhand Pollution Control Board ("**UKPCB**") and the Karnataka State Pollution Control Board ("**KSPCB**") in relation to Plant 6 and Plant 12, respectively, for various non-compliances.

The UKPCB issued a demand order dated March 12, 2020 ("**Demand Order**") to our Company, demanding an amount of ₹10.00 million on the grounds that our manufacturing facility located at Plant 6, SIDCUL, Integrated IE Pantnagar, Udham Singh Nagar, Uttarakhand was not compliant with regulations in relation to discharge of pollutants, issued by the UKPCB and the orders of the National Green Tribunal dated July 10, 2019 and November 14, 2019 ("**NGT Orders**"). Our Company filed a writ petition dated May 15, 2020 ("**Writ Petition**") before the High Court of Uttarakhand ("**Court**") to quash the Demand Order. The Court, pursuant to its orders dated May 18, 2020 and July 6, 2020, noted that the NGT Orders have been stayed by the Supreme Court of India, and accordingly stayed recovery of the compensation demanded pursuant to the Demand Order until the Supreme Court of India completes adjudication in the matter related to the NGT Orders. Further, the Court directed our

Company to apprise the UKPCB of all measure undertaken by us to control pollution, along with details of equipment installed at our manufacturing facility. A meeting was held between industry representative (including our Company) and UKPCB on March 21, 2023, pursuant to which our Company submitted a request letter dated May 5, 2023 to UKPCB, seeking the actual amount of compensation to be paid by our Company. This matter is currently pending.

The KSPCB issued a demand order dated February 17, 2020 ("**Demand Order**") to our Company, demanding an amount of ₹10.00 million on the grounds that our manufacturing facility located at Plant 12, Bommasandra Industrial Area, Bengaluru, Karnataka was not compliant with the provisions of the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and rules framed under Environment (Protection) Act, 1986 in relation to noise pollution and LPG storage. Our Company filed a writ petition dated March 3, 2020 ("**Writ Petition**") before the High Court of Karnataka ("**Court**") to quash the Demand Order. The Court, pursuant to its order dated July 4, 2024 ("**Order**"), inter alia, gave directions for the matter to be remitted back to KSPBC, instructed the KSPBC to provide a date to our Company to appear before the KSPBC, and stated that in order for the Demand Order to be treated as a show cause notice by our Company and KSPBC, the Demand Order would be set aside. Our Company is currently awaiting communication from the KSPBC, and the matter is currently pending.

If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations, financial condition and cash flows could be adversely affected. Such incidents could also do lasting damage to our reputation among customers and the general public, even if we were not actually responsible for causing such damage and no fault on our part has been proven

14. We are exposed to risks associated with foreign exchange rate fluctuations.

Although our Company's reporting currency is in Indian Rupees, we transact a significant portion of our business in several other currencies. Our global footprint exposes us to certain currency exchange risks, arising primarily from our foreign currency receivables, import of raw materials and capital goods for our operations, export of goods and foreign currency borrowings. We hedge a significant portion of our net foreign exchange exposure through forward contracts and foreign currency borrowings. We are exposed to foreign currency risk on the unhedged exposure of foreign currency borrowings as well as translation of receivables, bank balances and borrowings. The table below sets forth our total foreign currency receivables, total cash and cash equivalents in foreign currency, total foreign currency payables, total value of our outstanding forward exchange contracts against receivables, and borrowings in foreign currencies as at the dates indicated.

Particulars	As at June 30, 2024	As at March 31, 2024	2023	2022
	₹ in million			
Total foreign currency receivables	2,506.73	2,473.27	1,987.88	2,423.07
Total cash and cash equivalents in foreign currency	226.49	179.99	337.63	101.39
Total foreign currency payables	214.80	277.40	390.63	252.46
Total value of our outstanding forward exchange contracts against receivables	1,468.19	1,401.78	1,756.72	1,219.25
Borrowings in foreign currencies	–	–	–	704.11

The table below sets forth our net foreign exchange gain/(loss) for the periods and fiscal years indicated.

Particulars	Three months ended June 30, 2024	2023	Year ended March 31, 2024	2023	2022
	₹ in million, except percentages				
Net foreign exchange gains/(loss) [A]	(11.55)	(8.34)	(4.93)	74.33	49.07
Net foreign exchange gains/(loss) as a percentage of revenue from operations [B = A/C] (%)	**(0.16%)**	**(0.13%)**	**(0.02%)**	**0.32%**	**0.25%**

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in million, except percentages				
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

For additional quantitative disclosures on foreign currency risk as at March 31, 2024, see "*Financial Statements – Fiscal 2024 Audited Consolidated Financial Statements – Note 43 – Financial Risk Management – (iv) Foreign currency risk*" on page F - 79.

Due to our inherent net foreign currency long position, depreciation of the Indian Rupee against foreign currencies will generally have a positive effect on our reported revenues and operating income and appreciation of the Indian Rupee against foreign currencies will generally have a negative effect on our reported revenues and operating income. There can be no guarantee that such fluctuations will not adversely affect our results of operations as we continue to expand our sales globally.

The realisation of any of these risks could have an adverse effect on our business, financial condition, results of operations and cash flows.

15. Seasonal or economic cyclicality coupled with reduced demand in the verticals and sectors in which we operate may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business, results of operations, financial condition and cash flows are affected by levels of Indian and global vehicle production, particularly two-wheelers passenger vehicles and commercial vehicles, and are therefore affected by factors that generally affect the automotive industry in India and globally. The table below sets forth our revenue was from sales of products for use in the automotive sector for the periods and fiscal years indicated and such revenue as a percentage of our revenue from operations.

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in million, except percentages				
Revenue was from sales of products for use in the automotive sector [A]	6,165.01	5,446.03	23,121.74	19,154.33	16,599.51
Revenue was from sales of products for use in the automotive sector as a percentage of revenue from operations [B = A/C] (%)	82.87%	82.51%	82.24%	81.65%	83.46%
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

The automotive industry is sensitive to factors such as consumer demand, consumer confidence, disposable income levels, fuel prices and general economic conditions. The sales volumes and prices for the products sold by our OEM customers are also influenced by the cyclicality and seasonality of demand for these products, which in turn affect the demand for and sales volume of our precision forged and machined components for these products. Further, automotive production and demand may be subject to seasonality in some geographies, which may influence the demand for our products. On other occasions, an increase in our customers' production may require us to commit more resources and cause a material increase in costs, including expedited shipping costs in order to meet our customers' schedules.

In the past 15 years, the two-wheeler industry in India has clocked a CAGR of 6.2% to reach a volume of 18.4 million in Fiscal 2024. During Fiscals 2019 to 2024, the Indian two-wheeler industry's production increased at a CAGR of 2.8% (source: *the CRISIL Report*). The Indian two-wheeler industry's production is forecast to grow at a CAGR of 6-8% over Fiscal 2024 to Fiscal 2029 (*source: the CRISIL Report*).

Production of passenger vehicles in India increased at a CAGR of 5% between Fiscals 2019 and 2024 (*source: the CRISIL Report*). CRISIL MI&A forecasts overall passenger vehicles production to grow at a CAGR of 4.5-6.5% from Fiscal 2024 to 2029 (*source: the CRISIL Report*).

Global Light Vehicle production fell during the pandemic in 2020, then made a recovery in 2023 (*source: the*

CRISIL Report). Between 2019 to 2023, the industry logged a CAGR of (3.2)% on account of a mix of major downturns and gradual upticks. (*source: the CRISIL Report*). Global Light Vehicle production is expected to grow at a CAGR of 3-4% from calendar years 2024 to 2029 (*source: the CRISIL Report*).

Our business, financial condition, results of operations and cash flows are affected by the cyclical nature and trends of the non-automotive sectors, such as aerospace, off-road, agriculture, and the general economic conditions that affect our customers in these sectors, such as varying fuel and labour costs, price competition, regulatory scrutiny, declining activity levels, a decrease in outsourcing by customers or the failure of projected market growth to materialise or continue. In the event that these characteristics and trends adversely affect our customers in the non-automotive sector, the overall demand for our products may be reduced, resulting in a material adverse effect on the volume of our sales.

More generally, the automotive and non-automotive sectors that we cater to are affected by other factors such as national and international trade, changes in government policies, environmental, health and safety regulations, product recalls and oil prices. In the event of a decrease in demand for our customers' products, or any development that may cause the supply of our components to customers in the automotive and non-automotive sectors to be less profitable, we may experience a material adverse effect on our business, financial condition, results of operations and cash flows.

16. A decline in the financial condition and results of operations of our customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The financial condition and results of operations of our customers is affected by the sales of their products to their respective customers, which may be adversely affected by several factors, such as general economic conditions. Any material weakening of the sales of our material customers could directly adversely affect our business due to the potential postponement or cancellation of their planned purchases or the potential delay of their designs of new platforms.

In addition, significantly lower global production levels, tightened liquidity and increased cost of capital have historically combined to cause financial distress among many OEMs and other customers in the automotive industry and could have a similar affect in the future. Any decline in the creditworthiness of our customers in the future could result in an increased default risk with respect to our trade receivables from those customers. The average credit period on sales of goods for the year ended March 31, 2024 is 15 to 120 days. No interest is charged on trade receivables. Any such increase in default risk or decline in the financial condition or results of operations of our customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

17. We are dependent on contract labour and if we are unable to obtain the services of skilled and unskilled workmen at reasonable rates it will have an adverse effect on our business and results of operations. In addition, even if we have already paid the independent contractors who directly engage these workmen, we may be responsible for paying the wages of such workers if the independent contractors default on their obligations to them, and such obligations could have an adverse effect on our cash flows until such amount is recovered from the independent contractors and on our results of operations and financial condition in the event we are unable to recover such amount from the independent contractors.

Our workforce comprises contract workmen and employees. As at August 31, 2024, we had 5,270 contract workmen and 6,099 employees.

The table below sets forth our contract labour charges for the periods and fiscal years indicated.

	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
Particulars	₹ in million, except percentages				
Contract labour charges [A]	380.90	327.80	1,464.37	1,158.03	951.73
Contract labour charges as a percentage of revenue from operations [B = A/C] (%)	5.12%	4.97%	5.21%	4.94%	4.78%
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

In order to retain flexibility and thereby control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations in India. If we are unable to obtain the services of skilled and unskilled workmen at reasonable rates it will have an adverse effect on our business and results of operations. In addition, our manufacturing process is dependent on a technology-driven production system and any inability of the contract labourers to familiarize themselves with such technology could adversely affect our business and results of operations.

Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. However, the amount paid in such an event can be recovered from the independent contractor. Nevertheless, any requirement to fund the wage requirements of the engaged labourers may have an adverse effect on our cash flows until such amount is recovered from the contractor and on our results of operations and financial condition in the event we are unable to recover such amount from the independent contractor. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Any such order from a regulatory body or court would increase our costs and decrease our flexibility to increase or decrease our workforce in response to changes in demand for our products and would have an adverse effect on our business, financial condition, results of operations and cash flows.

18. We depend on third parties with whom we do not have long-term supply contracts for the supply of raw materials. A loss of suppliers or interruptions in the delivery of raw materials or volatility in the prices of raw materials on which we rely may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are dependent on third party suppliers for the supply of our raw materials and assembled components. Our ability to identify and build relationships with reliable suppliers contributes to our growth and our successful management of our inventory as well as other aspects of our operations. In the absence of long-term contracts, we cannot assure you that a particular supplier will continue to supply our products in the future. There have been instances in the past where we experienced interruptions in the supply of raw materials, bought out components and assembly parts to us. Further, there can be no assurance that increased demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. Any change in the supply pattern of our raw materials can adversely affect our business and results of operations. Discontinuation of production by our suppliers, a failure by any of our suppliers to adhere to any delivery schedule or a failure to provide materials of the requisite quality could also hamper our production schedule and affect our business. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers and cannot procure the raw materials from other sources, we may be unable to meet our production schedules for our products and ship such products to our customers in timely fashion, which may adversely affect our customer relations and reputation. In such event, we may be required to airlift supplies to prevent assembly line stoppage at our customers' end. We may also be required to replace a supplier if its products or services do not meet our safety, quality or performance standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions.

In addition, prices of certain raw materials we rely on, such as steel, stainless steel, aluminium and titanium, are linked to commodity markets and thus subject to fluctuation. There can be no assurance that the prices for these products will not be volatile in the future. While in practice we have passed the increase in the cost of raw materials onto our domestic customers, our cash flows may still be adversely affected due to any gap in time between the date of procurement of those raw materials and the date on which we can reset the component prices for our customers so as to account for the increase in the prices of such raw materials. In addition, we may not be able to pass all of our raw material price increases to our customers. Our ability to adjust pricing terms with customers varies based on our specific customer relationships, market practice with respect to the particular raw material or component and other factors such as raw material content and whether medium-term price fluctuations have been factored into our component prices at the time of price finalisation. As a result, for some of our export customers, we may in some instances bear the risk of price increases that occur. Our inability to adequately adjust our customer pricing in response to increases in prices of raw materials in a timely manner, or at all, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

19. Disruptions to shipping channels could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Smooth running of our logistics is an integral part of our operations. Any disruptions to our logistics, such as to shipping channels, could adversely affect our ability to ensure timely delivery of raw materials to our factories and of our products to our customers and thereby have a material adverse effect on our business, financial condition, results of operations and cash flows.

Since December 2023, Houthi rebels have been attacking commercial shipping in the Red Sea, which have caused significant disruptions to global trade and supply chains in the following ways:

- Diverted ships: Major container shipping lines have diverted their ships around the Cape of Good Hope to avoid the Red Sea and Suez Canal. This has increased transit times between Asia and Europe by 10 days or more on average.

- Increased costs: The longer routes have increased costs for carriers and businesses.th is includes more time, fuel, and resources, as well as higher freight rates and shipping insurance costs.

- Capacity shortages: The number of ships available to transport cargo is significantly reduced.

- Supply chain uncertainty: The ongoing situation has increased uncertainty for global supply chains.

- Port congestion: The longer diversion has caused congestion at ports in Asia and Europe.

- Auto production shutdowns: Several Europe-based auto plants have announced temporary production shutdowns due to delays in obtaining car parts from Asia.

(Source: the CRISIL Report)

The extra distance ships need to travel to avoid passing through the Red Sea has increased our shipping costs. The table below sets forth our freight forward costs for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022.

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in million, except percentages				
Freight outward [A]	114.33	62.75	264.70	247.64	228.55
Freight outward costs as a percentage of revenue from operations [B = A/C] (%)	1.54%	0.95%	0.94%	1.06%	1.15%
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

20. Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition, results of operations, and cash flows.

Our operations are subject to various risks, including breakdowns, failure or substandard performance of equipment, third party liability claims, labour disturbances, employee fraud and infrastructure failure, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. We maintain insurance policies for our manufacturing facilities in India and Sweden, including buildings, machinery and inventories, as well as for personal accident coverage, public liability coverage, product liability coverage and workmen compensation. In addition, we also maintain insurance policies covering directors' and officers' liability, general liability and policies that provide coverage for risks during the shipment of products. We are not insured against environmental damages. For further details, see "*Our Business – Insurance*" on page 306.

The table below sets forth the assets we have insured, the insured amount for such assets and the percentage of such assets insured as at June 30, 2024.

Particulars	As at June 30, 2024 Amount [A] (₹ in million)	Insured Amount [B] (₹ in million)	Insurance Coverage [C =B/A] (%)
Property, plant and equipment	15,184.45	21,234.54	139.84%
Capital work-in-progress	893.32	1,000.00	111.94%

Particulars	As at June 30, 2024		
	Amount [A] (₹ in million)	Insured Amount [B] (₹ in million)	Insurance Coverage [C =B/A] (%)
Inventories	4,582.50	3,955.40	86.32%
Cash on hand	0.53	4.50	849.06%

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the standard risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our business, financial condition, results of operations and cash flows may be adversely affected.

Particulars	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
	₹ in million, except percentages				
Insurance claims receivable [A]	–	–	0.40	2.13	0.04
Insurance claims receivable as a percentage of revenue from operations [B = A/E] (%)	–	–	0.00%	0.01%	0.00%
Write off of in insurance claims receivable [C]	–	–	–	–	–
Write off of in insurance claims receivable as a percentage of revenue from operations [D = C/E] (%)	–	–	–	–	–
Revenue from operations [E]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

For further risks relating to the effect on our business due to inadequacy of insurance coverage for product liability, see "*– Internal Risk Factors – We are subject to strict performance requirements, including, but not limited to, quality, delivery and development activities, and any failure by us to comply with these performance requirements may lead to the cancellation of existing and future orders, recalls or warranty and liability claims*" on page 64.

21. Our business subjects us to risks in multiple countries.

We manufacture our products primarily in India and to a lesser extent in Sweden and distribute our products globally, serving a customer base in India and 25 other countries spread across North America, Latin America, Europe, and Asia in Fiscal 2024. For details of the breakdown of our revenue from sale of products by geographical markets based on the location of our customers, see "*Our Business – Overview*" on page 263. Our operations are subject to risks that are specific to each country in which we operate, as well as risks associated with carrying out business operations on an international scale, including:

- Social, economic, political, geopolitical conditions and adverse weather conditions, such as natural disasters, civil disturbance, terrorist attacks, war or other military action, which may adversely affect our business and operations;

- Compliance with local laws, including legal constraints on ownership and corporate structure, environmental, health, safety, labour and accounting laws, which may impose onerous and costly obligations on our foreign subsidiaries;

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

- Fluctuations in foreign currency exchange rates against the Indian Rupee, which may affect our results of operations, the value of our foreign assets, the relative prices at which we and foreign competitors sell products in the same markets and the cost of certain inventory and non-inventory items required for our operations.

In addition, changes in laws and regulations, more stringent enforcement or alternative interpretation of existing laws and regulations in jurisdictions in which we currently operate can change the legal and regulatory environment, making compliance with all applicable laws and regulations more challenging. The growth in size or scope of our business, expansion of our footprint in existing regions in which we operate and entry into new geographies also will expose us to regulatory regimes with which we have no prior direct experience. If any of these risks materialise, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

22. We are dependent on third parties for the transportation and timely delivery of our products to customers.

We rely on third parties for the transportation services for the timely delivery of our products to our customers located in India and other countries. Our domestic operations use a number of different modes of transportation, including road, air and rail. Where a shipment is outbound overseas, we use a number of different modes of transportation, including road, air and sea. We also utilise third-party freight forwarders who contract with the relevant ocean carriers and airlines on our behalf and engage third-party logistics service providers to provide support on our transportation requirements. Therefore, we face a risk that there could be deficiency or interruption in these third-party services.

Delays in customs clearance or disruptions of transportation services because of weather related problems, strikes, lockouts, inadequacy of road infrastructure, lack of containers or other events may affect our delivery schedules and impair our supply to our customers, for which we may be liable for damages. We do not have an insurance policy that covers us for liabilities for late delivery of products. Although we do not enter into formal contracts with our third-party logistic service providers, we have purchase orders with these logistic service providers and hence are less exposed to fluctuations in transportation costs. However, in the event that these logistic service providers are unable to continue to provide these necessary services for our operations for reasons which are beyond our control and we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations and reputation may be materially adversely affected.

23. Any failure to compete effectively in the highly competitive precision components industry could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We face competition in India and overseas in our business, which is based on many factors, including product quality and reliability, breadth of product range, product design and innovation, technology, manufacturing capabilities, distribution channels, scope and quality of service, price and brand recognition. We compete with global competitors to retain our existing business as well as to acquire new business. Some of our competitors may have certain advantages, including greater financial, technical and/ or marketing resources, which could enhance their ability to finance acquisitions, fund international growth, respond more quickly to technological changes and/ or operate in more diversified geographies and product portfolios.

In addition, we face increasing competition across our product portfolio. Some of our competitors may be able to produce similar or equivalent products at lower costs than we can produce them. Additionally, we face competitive price pressures from lower-cost manufacturers and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in emerging markets, thereby providing opportunities for local manufacturers to compete. Accordingly, we may not be able to compete effectively with our competitors, which may have an adverse effect on our business, financial condition, results of operations and cash flows.

Further, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. Changes in the product focus of larger manufacturers could also result in such manufacturers establishing relationships with our customers that may reduce or entirely replace our business with those customers. In addition, certain key customers to whom we currently sell certain products could decide to compete with us as manufacturers of these products. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and cash flows.

24. Our Company and our Subsidiaries are involved in legal proceedings, which if determined against such parties may have an adverse effect on our reputation, business, financial condition, results of operations and cash flows.

There are certain outstanding legal proceedings involving our Company and Subsidiaries, which are pending at varying levels of adjudication at different forum. Such proceedings could divert management time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally from our Company and Subsidiaries.

The summary of outstanding matters set out below includes details of outstanding criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving our Company, Subsidiaries, Directors and Promoters.

Name	Criminal Proceedings	Tax Proceedings	Statutory / regulatory actions	Other material proceedings	Aggregate amount involved (₹ in million)
Company					
By the Company	NIL	NIL	NIL	NIL	NIL
Against the Company	NIL	24	3	NIL	195.80
Subsidiaries					
By the Subsidiaries	NIL	NIL	NIL	NIL	NIL
Against the Subsidiaries	NIL	3	NIL	NIL	7.44
Promoters					
By the Promoters	NIL	NIL	NIL	NIL	NIL
Against the Promoters	NIL	NIL	NIL	NIL	NIL
Directors (other than Promoters)					
By the Directors	NIL	NIL	NIL	NIL	NIL
Against the Directors	NIL	NIL	NIL	NIL	NIL

For further details in relation to the material civil proceedings, tax proceedings and other matters in relation to our Company and Subsidiaries, see "*Legal Proceedings*" on page 369.

We cannot assure you that these legal proceedings will be decided in favour of us, or our Subsidiaries, respectively. In addition, should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements in accordance with Ind AS 37, which could increase our expenses and liabilities. Any adverse decision could have an adverse effect on our reputation, business, financial condition, results of operations and cash flows.

25. We require certain licenses, permits and approvals in the ordinary course of business, and failure to obtain or retain them in a timely manner may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals in India and in Sweden, generally for carrying out our business and for each of our manufacturing facilities. A majority of these approvals, including the consent to establish and operate under environmental laws, are granted for a limited duration and require renewal from time to time. While we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. As of the date hereof, we have no pending applications for such approvals. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and results of operations may be materially adversely affected.

Further, the licenses, permits and approvals required by us are subject to several conditions and we cannot assure you that we will be able to continuously meet such conditions, which may lead to cancellation, revocation or suspension of the relevant licenses, permits and approvals. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased compliance costs, be subject to penalties, have our licenses, approvals and permits revoked or suffer a disruption in our operations, any of which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

26. Our financing agreements contain covenants that limit our flexibility in operating our business and there have been instances of non-compliance with covenants under financing agreements in the past.

We are bound by restrictive and other covenants in our facility agreements with various lenders, including but not limited to, restrictions on the utilisation of the loan for certain specified purposes, timely provision of information and documents, timely creation of security, obtaining prior consent from existing lenders and maintenance of financial ratios, including debt to tangible net worth, debt-service coverage ratio and fixed assets coverage ratio. Further, most of our loan documents and some of the loans availed by our Subsidiaries contain restrictive covenants that require us to obtain the prior written approval from the appropriate lender for various corporate actions, including effecting any change in the management or control or the majority shareholding of our Company. In addition, our terms loans and working capital facilities are secured by a charge on, among others, our immoveable properties, moveable assets and current assets. We have not been in breach of any covenants since April 1, 2021.

Our failure to comply with restrictive covenants or to obtain our lenders' consent to take such actions in a timely manner or at all could also result in an event of default, which may accelerate repayment of the relevant loans or increase applicable interest rates or even trigger cross-defaults under our other financing agreements or other agreements or instruments containing cross-default provisions. Further, a breach of our facility agreements may also trigger a right of the lenders to enforce the security provided. An event of default may also affect our ability to raise new funds or renew maturing borrowings that may be needed to conduct our operations and pursue our growth initiatives. In addition, our ability to obtain further financing on terms and conditions acceptable to us could be severely and negatively adversely affected as a result of these restrictions and breaches, and we cannot guarantee that we will be able to repay our loans in full, or at all, upon receiving a recall or acceleration notice, or otherwise. A failure to comply with repayment schedules and other conditions prescribed under financing arrangements may have an adverse effect on our credit ratings, and any loan agreement termination and subsequent action taken by our lenders may individually or in aggregate have an adverse effect on our business, financial condition, results of operations and cash flows.

As at June 30, 2024, we had total borrowings (comprising non-current borrowings and current borrowings ("**Total Borrowings**")) of ₹9,185.38 million.

27. We have a substantial amount of debt, which could adversely affect our ability to obtain future debt on favourable terms or at all and/or pursue our growth strategies, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

Our business is capital intensive, as we seek to add to and upgrade our existing manufacturing facilities, increase our product portfolio and invest in researching and developing new technologies and products, among others, and we borrow money in order to facilitate such activities.

The following table sets out our Total Borrowings, Adjusted Net Debt and Adjusted Net Debt to Equity Ratio as at the dates indicated.

Particulars	**As at June 30, 2024**	**As at March 31,**		
		2024	**2023**	**2022**
	(₹ in million, except ratios)			
Non-current borrowings	3,489.19	2,515.86	2,630.25	2,335.04
Current borrowings	5,696.19	5,495.13	4,490.86	4,116.40
Total Borrowings	**9,185.38**	**8,010.99**	**7,121.11**	**6,451.44**
Less:				
Cash and cash equivalents	1,167.80	486.35	495.58	383.44
Bank balances other than cash and cash equivalents	299.37	143.35	120.83	119.84
Adjusted Net Debt(*) [A]	7,718.21	7,381.29	6,504.70	5,948.16

Particulars	As at June 30, 2024	As at March 31,		
		2024	2023	2022
	(₹ in million, except ratios)			
Total equity [B]	14,239.54	13,633.20	11,819.68	10,353.16
Net Debt to Equity Ratio(*) [A/B]	**0.54**	**0.54**	**0.55**	**0.57**

Notes:

(1) Total Borrowings is calculated as non-current borrowings plus current borrowings.

(2) Adjusted Net Debt is calculated as Total Borrowings less (i) cash and cash equivalents and (ii) bank balances other than cash and cash equivalents ("Adjusted **Net Debt**").

(3) Adjusted Net Debt to Equity Ratio is calculated as Adjusted Net Debt divided by total equity.

(*) *Non-GAAP financial measure.*

The following table sets out our Cost of Total Borrowings (as defined below) for the three months ended June 30, 2024 and Fiscals 2024, 2023 and 2022.

Particulars.	As at and for the three months ended June 30, 2024	As at and for the year ended March 31,		
		2024	2023	2022
	₹ in million, except percentages			
Finance cost [A]	192.62	770.06	615.10	510.13
Total Borrowings [B]	9,185.38	8,010.99	7,121.11	6,451.44
Cost of Total Borrowings(1)(*) [C = A/B] (%)	**8.39%(2)**	**9.61%**	**8.64%**	**7.91%**

Notes:

*(1) Cost of Total Borrowings is finance cost expressed as a percentage of Total Borrowings ("**Cost of Total Borrowings**").*

(2) Annualised.

(*) Non-GAAP financial measure.

For details in relation to the repayment schedule for our borrowings as at March 31, 2024, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Maturities of Financial Liabilities*" on page 155.

Our ability to make payments on our indebtedness will depend on our future performance and our ability to generate cash flow from operations, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, many of which are beyond our control.

We may be required to incur significant borrowings in future to support growth of our business and such our indebtedness could have significant adverse effects on our business, financial condition, results of operations and cash flows, including the following:

- the interest payable on our indebtedness increases our expenses;
- our indebtedness could limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds for working capital, capital expenditure or general corporate purposes and/or increase the cost of additional financing;
- our indebtedness could place us at a competitive disadvantage compared to any of our competitors that have a lower debt-to-assets ratio and/or a lower cost of debt; and
- our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate may be more limited compared to any of our competitors that have proportionately less debt.

28. A substantial portion of our assets are hypothecated or mortgaged in favour of lenders as security for some of our fund-based and non-fund-based borrowings. Our lenders may enforce the security in the event of our failure to service our debt obligations, which would adversely affect our business, financial condition, results of operations and cash flows.

As at June 30, 2024, our Total Borrowings were ₹ 9,185.38 million. These borrowings are secured, among others, through a charge by way of hypothecation on our present and future current assets and fixed assets as well as through mortgage on our land and buildings. As these assets are hypothecated or mortgaged, our rights in respect of transferring or disposing of these assets are restricted. Further, in the event we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, financial condition and results of operations may be adversely affected.

29. A substantial portion of the Net Proceeds will be utilized for the repayment and/or prepayment of indebtedness availed by our Company.

As at June 30, 2024, our Total Borrowings were ₹ 9,185.38 million. Our Company proposes to repay some of such borrowings through a portion of the Net Proceeds, as provided in the section "*Use of Proceeds*" on page 94. The borrowings to be prepaid and/or repaid, will be selected based on a range of various factors, including (i) cost of the borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to repay and/or pre-pay the borrowings and time taken to fulfil, or obtain waivers for the fulfilment of, such conditions, (iii) provisions of any laws, rules and regulations governing such borrowings, and (iv) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan. Accordingly, the Net Proceeds apportioned for repayment/ prepayment, in full or in part, of certain borrowings availed of by our Company will not be available for any capital expenditure or creation of tangible assets by our Company. While such utilization of the Net Proceeds will help reduce our outstanding indebtedness on a consolidated basis and debt servicing costs, we cannot assure you that it will enable utilization of the internal accruals for further investment towards business growth and expansion in an efficient manner. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

30. We intend to utilise a portion of the Net Proceeds for part funding our capital expenditure requirements, which may be subject to the risk of unanticipated delays in implementation, cost overruns and other risks and uncertainties.

We intend to use a part of the Net Proceeds towards capital expenditure for the acquisition of land in Harohalli, Karnataka, and expansion and development of certain existing manufacturing facilities of our Company (the "**Proposed Capital Expenditure**"). For details, see "*Use of Proceeds*" on page 94. We have estimated our capital expenditure requirements based on (a) our current business plan, internal management estimates as per our business plan based on current market conditions and valid quotations obtained from various third-party vendors, which are subject to change in the future; and (b) certificate dated October 10, 2024 obtained from Prasad & Associates, an independent chartered engineer firm, in relation to the Proposed Capital Expenditure. Our expansion plans and business growth require significant capital expenditure and the dedicated attention of our management. Further, our ability to complete the proposed Capital Expenditure will depend on a variety of factors including but not limited to, receipt of relevant approvals, availability of sufficient skilled employee and labour base, and timely procurement of land, machinery and other related infrastructure. Any delay or our inability to increase our production capabilities may restrict our ability to expand our presence across India.

31. Some of our manufacturing facilities are operated on industrial land allotted to us by industrial development corporations. Failure to comply with the conditions of use of such land could result in an adverse effect on our business, financial condition, results of operations and cash flows. In addition, In addition, the lease and sale agreements in relation to two of our manufacturing facilities require our Company to seek prior consent from the relevant authorities for any change in our Company's constitution, which could limit our Company's flexibility in running its business if it is unable to obtain the consent from such authorities for any desired changes to the constitution.

We have 13 manufacturing facilities that are constructed on industrial land allotted to us by state-owned industrial development corporations ("**IDC**"). Under the terms of the allotment and the lease agreements, we are required to comply with various conditions, such as achieving the investment commitment set out in the project report and adhering to the timelines for completion of setting up of the manufacturing facility and commencement of manufacturing activity. Furthermore, we are required to obtain IDC approval for assigning, underletting or parting with the leased premises. In the event that we fail to meet these conditions, we may be required to pay a non-refundable premium to the relevant IDC to extend the deadline for meeting the commitments or to forgo pursuing certain corporate actions. In addition, according to the statutory rules under which the IDCs function, IDCs also retain the power to cancel allotment of land in the event of breach of any rules of allotment.

As we are constantly looking to expand our business, we may be required to enter into arrangements with IDCs to secure land for setting up new manufacturing facilities or expanding existing ones. However, there are several factors and variables, such as delay in receipt of confirmed orders from our customers, inability to arrange for manpower, inability to raise debt for unforeseen increases in project outlays and delay in securing requisite licences and approvals which could delay the completion of the manufacturing facility beyond the timeline agreed upon with the relevant IDC. In such an event, we may be required to pay a premium or face cancellation of land allotment, which could adversely affect our business.

In addition, the lease and sale agreements entered into with the Karnataka Industrial Areas Development Board ("**KIADB**") and the Haryana State Industrial and Infrastructure Development Corporation ("**HSIIDC**") in relation to two of our manufacturing facilities situated in Bidadi, Karnataka and Manesar, Haryana, respectively, require our Company to seek their prior consent for any change in the constitution of our Company, which could limit our Company's flexibility in running its business if it is unable to obtain the consent from such authorities for any desired changes to the constitution. Our Company changed its constitution when it converted from a private limited company to a public limited company. While our Company made the necessary applications to the KIADB and HSIIDC pursuant to letters dated July 3, 2018 and July 9, 2018, respectively, seeking a no objection for the conversion of our Company from a private limited company to a public limited company, and a waiver for post facto approval for the changes, our Company is yet to receive a response to the same. There is no assurance that we will receive the consents and if we do not, KIADB and HSIIDC may seek to terminate the lease agreements.

32. Some of our Directors and Promoters have interests other than reimbursement of expenses incurred and normal remuneration or benefits in our Company.

Subramonia Sekhar Vasan and Fatheraj Singhvi, both of whom are Directors and Promoters, and Unni Rajagopal Kothenath and Devappa Devaraj, both of whom are Promoters, are interested in our Company to the extent of the Equity Shares held by them in our Company, and any dividends, bonuses or other distributions on such Equity Shares. Apart from the aforementioned, Mr. B. R. Preetham, Executive Director and Group CEO, is interested to the extent of Equity Shares held by him.

33. Our Company was incorporated in 1981 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may adversely affect our business, financial condition, results of operations, cash flows and reputation.

We have been unable to trace a number of documents, including the form filings, share transfer deeds and corresponding resolutions maintained by our Company. We may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. For instance, we have been unable to trace the following corporate records and regulatory filings of our Company:

- Copies of certain internal secretarial records, including the original memorandum of association ("**MoA**") of our Company, board and shareholder resolutions, certain RoC form filings and share transfer deeds from the date of incorporation until 1987;

- Form-2 filed with the RoC in relation to the allotment of an aggregate of 970 equity shares of our Company to our Promoters in Fiscal 1984;

- Copies of board and shareholder resolutions and Form 32 filed with the RoC in relation to the appointment of our Managing Director, Subramonia Sekhar Vasan, at the time of incorporation and the board and shareholder resolutions for the appointment of our Joint Managing Director, Fatheraj Singhvi as a director on March 3, 1991;

- Copies of share transfer forms, dematerialised statements for the transfer of certain shares and copies of circular resolutions in respect of certain share transfers;

- Typographical errors with respect to the date of appointment in the filings of relevant forms with the RoC with respect to the appointment of our Independent Directors; and

- Irregular filings of relevant forms with the RoC with respect to the appointment of Bindiganavile Raghunath Preetham as CEO and Ramakrishnan Subramanian as CFO of our Company in the years 2014 and 2016, respectively.

Accordingly, for the period between the date of our incorporation and 1984, we are unable to confirm details of any corporate action undertaken by our Company, including acquisitions of any business or undertakings, revaluation of assets, entry into any scheme of amalgamations, public offerings of debt securities, instances of strikes, lockouts or cost overruns and any default in repayment or rescheduling of borrowings from financial institutions or banks. Further, there have also been past instances where our Company made only a post facto noting of a share transfer (as opposed to granting an in-principle approval) and in one instance where our Company has not reflected an increase in the authorised share capital by way of an amendment to the MoA.

While no legal proceedings or regulatory action has been initiated against our Company in relation to the unavailable filings and statutory lapses as at the date of this Preliminary Placement Document, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company in the future in relation to the missing filings and corporate records. The actual amount of the penalty which may be imposed or loss which may be suffered by our Company cannot be ascertained at this stage and depends on the circumstances of any potential action which may be brought against our Company. We cannot assure you that any such proceedings will not have a material adverse effect on our financial condition or reputation.

Further, in the past there have been instances where our Company had not filed a return in form III, reflecting beneficial ownership of certain Shareholders, for which our Company had filed a compounding application. While the said non-compliance was compounded and the relevant penalty was paid by our Managing Director, Subramonia Sekhar Vasan and Joint Managing Director, Fatheraj Singhvi, we cannot assure you that such non-compliances will not occur in future. Such non-compliance may, among other things, result in imposition of fines or penalties, which would have an adverse effect on our financial condition, results of operations and cash flows.

34. Our estimates of production volumes may not correspond to the actual demand for our products.

We estimate our production volumes based on close customer dialogue, purchase orders, historical production volumes by our customers, our experience and general economic and market conditions. However, we are unable to assure that the demand for our products will develop in line with our estimates. The actual demand for our products for a few of our customers has varied significantly from their estimated sales volumes in the past. There is no assurance that we will be able to plan our production schedules to meet the actual requirements. In addition, regardless of the accuracy of such indicators, factors outside our control may require revision of our estimates. If we over-estimate the volume of products we expect to sell, we will have excess production capacity which may reduce operational efficiency and the margins on the products sold. If we underestimate the volume of products we need to produce at any of our manufacturing facilities, or fail to order a sufficient volume of supplies and input materials from our third-party suppliers, we may be unable to meet customer orders, which may affect our reputation or lead to a discontinuation of future orders from customers. In some cases, our customers have required a rapid increase in production, which placed an excessive burden on our resources and caused a material increase in costs, including the costs of expedited shipping. As a result of production delays, we may also be required to airlift supplies to prevent assembly line stoppage at our customers' end, which may have a material adverse effect on our business, financial condition, results of operations and cash flows. Failure to meet customer orders may also occur because existing manufacturing facilities and other equipment do not have sufficient capacity or we have an inaccurate level of inventory holding or the costs of transporting goods from one site to another would be uneconomical.

35. If we are unable to obtain and maintain quality and product certifications required for certain countries and customers, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

In some countries, certain certifications for products with regard to specifications and quality standards are necessary or preferred in order for these products to be accepted by customers and markets. As such, we need to be able to obtain and maintain the relevant certifications so that our customers are able to sell their products, which include precision forged and machined components that are manufactured by us, in these countries. In addition, some customers also require us to maintain certain standards and conduct inspections at regular intervals to ensure that we maintain these standards. We have a metallurgy lab for testing materials used for manufacturing our products and issuing the required certifications. Since April 1, 2021, we have been materially compliant with the required standards in the relevant jurisdictions and have not had any such certifications revoked. However, any failure to meet or maintain the requirements needed to secure or renew such certifications could result in a material adverse effect on our business in the relevant countries and with the relevant customers, which could adversely affect our financial condition, results of operations and cash flows.

36. Start-up costs and inefficiencies relating to new products and OEM approval processes could have a material adverse effect on our results of operations and financial condition.

New products that our customers commission us to develop and manufacture often entail material start-up costs with respect to product design and development, material sourcing, testing and validation to match the customers' specifications and approval processes, as well as establishing additional production lines or new manufacturing facilities where required. If we are unable to recoup start-up costs, manage our labour and equipment resources effectively, or correctly estimate the required time and resources in developing new products, our results of operations may be adversely affected. In addition, if any of these new products were terminated or our OEM customers shift their base of operations to a location where we do not have a manufacturing facility, our results of operations could be adversely affected, particularly in the short-term. Accordingly, we may not be able to adequately recover these start-up costs or replace anticipated revenues from any such new products, which may have a material adverse effect on our results of operations and financial condition.

37. We may incur significant costs in connection with ongoing efforts by our customers to restructure their operations.

The automotive industry continues to experience fluctuating production volumes and sales levels in certain geographic markets. In response to these conditions, some OEMs continue to explore restructuring of their operations, cutting or postponing vehicle production programmes, or cancelling or scaling back future product plans. Further, as OEMs follow a trend of localisation of production in certain lower-cost countries, they have and may in the future close plants in certain locations while opening plants in new locations, requiring suppliers to follow this geographic migration. Our ability to relocate our facilities is dependent on the availability of land and other factors including obtaining consent from certain customers. In the event that restructuring efforts by certain of our customers affect vehicle programmes for which we supply or are scheduled to supply components, we may need to restructure our own operations in order to align them with the evolving needs of our customers. In such event, we may incur restructuring, relocation, downsizing and other significant non-recurring costs in our operations for which we are not compensated under the terms of our contracts with our customers, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

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

Our business is capital intensive as we seek to add to and upgrade our existing manufacturing facilities, increase our product portfolio and invest in researching and developing new technologies and products, among others. For the three months ended June 30, 2024, our additions to property, plant and equipment were ₹932.89 million. For Fiscals 2024, 2023 and 2022, our additions to property, plant and equipment were ₹3,335.67 million, ₹2,868.71 million and ₹2,156.90 million, respectively. The actual amount of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen events beyond our control, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes, additional market developments and new opportunities in the precision components industry. Our sources of additional financing where required to meet our capital expenditure plans may include the incurrence of debt, the issuance of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, which may have a significant adverse effect on our profitability and cash flows. We may also become subject to additional covenants, which could limit our ability to access cash flows from operations and undertake certain types of transactions. Any issuance of equity, on the other hand, could result in a dilution of the shareholding of existing shareholders.

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

39. Any downgrade of our credit ratings may lead to an increase in our borrowing costs and constrain our access to borrowings.

The cost and availability of borrowings is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our Company's long-term bank facilities are domestically rated by ICRA as ICRA AA-/Stable (issued on February 28, 2024) and by India Ratings as Ind AA-/Stable (issued on March 28, 2024) and our Company's short-term bank facilities are domestically rated by ICRA as ICRA A1+ (issued on February 28, 2024) and by India Ratings as Ind A1+ (issued on March 28, 2024). The following table sets forth the credit ratings we have received since April 1, 2021.

Rating Agency	Credit Rating	Instrument	Date
ICRA	ICRA AI+; Reaffirmed	Fund Based — Working Capital Facilities	Nov-27-2020
ICRA	ICRA AI+; reaffirmed	Fund Based — Working Capital Facilities	Dec-13-2021
ICRA	ICRA AI+; reaffirmed/assigned	Fund Based — Working Capital Facilities	Feb-23-2023
ICRA	ICRA Al+; reaffirmed/assigned for enhanced amount	Fund Based — Working Capital Facilities	Feb-28-2024
ICRA	ICRA AA- (Stable); reaffirmed	Long-term — Fund-based — Term Loan	Nov-27-2020
ICRA	ICRA AA- (Stable); reaffirmed	Long-term — Fund-based — Term Loan	Dec-13-2021
ICRA	ICRA AA- (Stable); reaffirmed/assigned	Long-term — Fund-based — Term Loan	Feb-23-2023
ICRA	ICRA AA-(Stable); reaffirmed	Long-term — Fund-based — Term Loan	Feb-28-2024
India Ratings	IND AA-/Stable/IND A1+	Fund Based — Working Capital Facilities	Oct-22-2020
India Ratings	IND AA-/Stable/IND A1+	Fund Based — Working Capital Facilities	Jan-21-2022
India Ratings	IND AA-/Stable/IND A1+	Fund Based — Working Capital Facilities	Feb-09-2023
India Ratings	IND AA-/Stable/IND A1+	Fund Based — Working Capital Facilities	Mar-28-2024
India Ratings	IND AA-/Stable	Long-term — Fund-based — Term Loan	Oct-22-2020
India Ratings	IND AA-/Stable	Long-term — Fund-based — Term Loan	Jan-21-2022
India Ratings	IND AA-/Stable	Long-term — Fund-based — Term Loan	Feb-09-2023
India Ratings	IND AA-/Stable	Long-term — Fund-based — Term Loan	Mar-28-2024

Any deterioration in our financial strength, operating performance or strategic position or a general downturn in the industry may result in a downgrade of our credit ratings, and may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets, which could adversely affect our business growth. In addition, any downgrade of our credit ratings could result in a default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements.

40. We are exposed to counterparty credit risk of our customers and any significant delay in receiving payments or non-receipt of payments may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are exposed to counterparty credit risk of our customers and any significant delay in receiving payments or non-receipt of payments may have a material adverse effect on our business, financial condition, results of operations and cash flows. There is no assurance that we will accurately assess the creditworthiness of our customers. Macroeconomic conditions, such as a credit crisis in the global financial system or global economic uncertainty, could lead to deterioration in our customers' financial condition and results of operations, which could limit their access to the credit markets, thereby increasing their risk of insolvency or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which may increase our receivables. For details on the ageing of trade receivables at March 31, 2024, see "*Financial Statements – Fiscal 2024 Audited Consolidated Financial Statements – Note 11 – Trade receivables*" on page F – 59. We had nil write-off of trade receivables in each of the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022.

Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our customer balances, which may have a material adverse effect on our financial condition, results of operations and cash flows.

41. The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other adverse consequences.

As part of our business diversification strategy, we may from time to time pursue acquisitions to expand our business. We cannot assure you that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities at acceptable cost and on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable. If we attempt to acquire companies outside of India, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need prior approval from the RBI, which we may not be able to obtain in time or at all.

In addition, acquisitions and investments involve a number of risks, including possible adverse effects on our results of operations, exposure to future funding obligations, diversion of management's attention, failure to retain key personnel, currency risks, risks associated with unanticipated events or liabilities, possible contravention of applicable laws in relation to investment and transfer of shareholding, including any pre-emptive rights of existing shareholders of such entities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments, as well as other economic, political and regulatory risks. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, financial condition, results of operations and cash flows. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could harm our financial condition and may have an adverse effect on the price of the Equity Shares.

In Fiscal 2024, our Company invested ₹ 200.00 million for the acquisition of a 21% stake in MMRFIC. Our agreement with MMRFIC gives us the right to acquire up to an additional 30% stake in MMRFIC, bringing our stake up to 51%, at a predefined valuation formula. On August 20, 2024, the Board approved an additional investment of ₹ 200.00 million in MMRFIC in the form of convertible preference shares. The equity percentage will be decided on conversion of the convertible preference shares based on MMRFIC's EBIDTA for Fiscal 2025. For more information, see "*Our Business – Our Strategies – Bolstering prospects with strategic investments*" and "*Our Business – Corporate Structure – Our Associate*" on pages 278 and 268.

In connection with energy supply agreements our Company has entered into with Clean Max Vega Power LLP (a power producer), in Fiscals 2020 and 2022 our Company invested ₹ 36.93 million and ₹ 68.00 million, respectively, into Clean Max Vega Power LLP. Our Company currently has a 26% ownership interest in Clean Max Vega Power LLP. For more information, see "*Our Business – Raw Materials and Suppliers – Energy and Water*" on page 301.

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

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights. We may therefore be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a licence, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licences or design modifications can be extremely costly. Furthermore, necessary licences may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, the settlement of which could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, financial condition, results of operations and cash flows.

In certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and damage our reputation and relationships with our customers. Since April 1, 2021, we have not been involved in any claims from third parties asserting infringement of intellectual property rights.

43. Any shutdown of our manufacturing facilities may have an adverse effect on our business, financial condition, results of operations and cash flows.

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, industrial accident, labour disputes, natural disasters, epidemics or pandemics, and the need to comply with the directives of relevant government authorities. The assembly lines of our customers rely significantly on the timely delivery of our components and our ability to provide an uninterrupted supply of our products is critical to our business. In addition, certain of our customers may impose significant penalties on component manufacturers for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our customer relationships, business and results of operations may be adversely affected by any disruption of operations of our product lines, including as a result of any of the factors mentioned above. Any shutdown or operational failure of our manufacturing facilities may also result in a reduction in the capacity utilisation levels at our manufacturing facilities, which may have an adverse effect on our results of operations.

44. Discontinuance or the unavailability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business, financial condition, results of operations and cash flows.

We enjoy certain fiscal benefits on account of policies of the Government of India, including the Duty Drawback Scheme and the Export Promotion Capital Goods Scheme (the "**EPCG Scheme**"). In the case of our export products, with our current product mix, the rate of Duty Drawback Scheme ranges from 1% to 1.5% of free on board ("**FOB**") value of exports. The EPCG Scheme allows imports at concession rates of custom duty and requires the importer to export a specified value of goods over a period of six years from the licence date. A 50% export obligation is required to be fulfilled within first four years, with the remaining 50% within the next two years. Non-fulfilment of such obligations may result in confiscation of capital goods imported under this scheme along with applicable import duties and other penalties as set out in this scheme. As at June 30, 2024, our export obligation under the EPCG Scheme was ₹ 978.26 million. Since April 1, 2021, we have not been subject to any penalties due to a failure to meet our export obligations under the EPCG Scheme. As we seek to export a larger proportion of our products outside of India, any adverse changes in the policies of the Government of India that support exports may have a proportionately greater adverse effect on our business, financial condition, results of operations and cash flows.

The scheme for remission of duties and taxes on export products ("**RODTEP Scheme**") for exporters has been effective since January 1, 2021. The incentive rates under the RODTEP Scheme for our products range from 1-1.4% (subject to weight based capping for certain products). The table below sets forth the amounts we accrued under the Duty Drawback Scheme, the EPCG Scheme and the RODTEP Scheme for the periods and fiscal years indicated.

Particulars	**Three months ended June 30,**		**Year ended March 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
	(₹ in million, except percentages)				
Amount accrued under the Duty Drawback Scheme, the EPCG Scheme and the RODTEP Scheme [A]	33.16	34.77	143.72	99.37	81.54
Amount accrued under the Duty Drawback Scheme, the EPCG Scheme and the RODTEP Scheme as a percentage of revenue from operations [B = A/C] (%)	**0.45%**	**0.53%**	**0.51%**	**0.42%**	**0.41%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

45. Failure or disruption of our information technology ("IT") systems may adversely affect our business, financial condition, results of operations and cash flows.

Our ability to keep our business operating depends on the proper and efficient operations and functioning of various IT systems, which are susceptible to malfunctions and interruptions. Our design and engineering facilities comprise IT enabled processes, such as computer aided design, computer aided manufacturing and computer aided engineering updated facilities and design software. We also have a supplier management system and have implemented various SAP platform solutions to manage key are as at our operations, including production, materials, maintenance and human resource functions.

We may be subject to disruptions of our IT systems arising from events that are wholly or partially beyond our control or the control of our third-party vendors (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from other third parties, such as internet backbone providers). Any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption may affect our ability to plan, track, record and analyse work in progress and sales, process financial information, manage product lifecycle, manage our creditors and debtors, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and have a material adverse effect on our business and results of operations.

We have a data centre in Mumbai, Maharashtra that is managed for us by a third party. The data stored at the data centre in Mumbai, Maharashtra is backed up to a data centre in Hyderabad, which is managed by a third party. However, if for any reason the switch over to the back-up systems do not take place or if a calamity occurs in both places such that our data is compromised at both places, it would have a material adverse effect on our business, financial condition, results of operations and cash flows.

46. We have power and water requirements and any disruption to our power or water sources could disrupt our production. In addition, if energy costs were to rise, our production costs would increase, which would adversely affect our results operations and cash flows if we are unable to increase the prices for our products enough to offset these increased costs.

We require power and water for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. The table below sets forth our power and fuel charges for the periods and fiscal years indicated and such revenue as a percentage of our revenue from operations.

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in million, except percentages				
Power and fuel charges [A]	328.27	304.66	1,196.32	1,038.03	913.17
Power and fuel charges as a percentage of revenue from operations [B = A/C] (%)	**4.41%**	**4.62%**	**4.26%**	**4.42%**	**4.59%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

If energy costs were to rise, our production costs could increase if we are unable to increase the prices for our products enough to offset these increased costs. If electricity or water supplies or supply arrangements were disrupted, we may need to rely on alternative sources, which may not be able to consistently meet our requirements. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

47. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls.

48. Our Promoters will continue to retain a large shareholding in us after the Issue, which will allow them to exercise significant influence over us.

As at the date of this Preliminary Placement Document, our Promoters and Promoters Group hold 34.78% of the issued, subscribed and paid-up equity share capital of our Company. After the Issue, our Promoters and Promoter Group will continue to exercise significant influence over our business and all matters requiring Shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our constitutional documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, investments and capital expenditures. This fraction of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters. Further, the Promoters' shareholding may limit the ability of a third party to acquire control. The interests of our Promoters, as our Company's controlling Shareholders, could conflict with our Company's interests, prospective investors' interests or the interests of our other Shareholders. There is no assurance that our Promoters will act to resolve any conflicts of interest in our Company's or your favour.

49. We enter into certain related party transactions in the ordinary course of our business and we cannot assure you that such transactions will not have an adverse effect on our results of operation and financial condition.

We have entered into transactions with related parties in the past, on an arm's length basis, and are likely to do so in the future. The table below sets forth a summary of our related party transactions for the periods and fiscal years indicated.

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
	(₹ in million, except percentages)				
Arithmetic aggregated absolute total of related party transactions [A]	52.92	74.73	341.72	137.20	372.04
Arithmetic aggregated absolute total of related party transactions as a percentage of revenue from operations [B = A/C] (%)	**0.71%**	**1.13%**	**1.22%**	**0.58%**	**1.87%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

While all such transactions have been conducted on an arm's length basis, we cannot assure you that we could not achieve more favourable terms if such transactions were not entered into with related parties. For further details, see "*Related Party Transactions*" on page 54.

50. Our Directors or Promoters may enter into ventures that may lead to real or potential conflicts of interest with our business.

Our Directors and Promoters may become involved in ventures that may potentially compete with us. The interests of our Directors and Promoters may conflict with the interests of our other Shareholders, and our Directors or Promoters may, for business considerations or otherwise, cause us to take actions, or refrain from taking actions, in order to benefit their interests instead of our interests or the interests of other Shareholders.

While our Directors and Promoters do not, as at the date of this Preliminary Placement Document, engage in any other business activities similar to our business lines, and have not undertaken any business in conflict with our Company, we cannot assure you that such a conflict will not arise in the future, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

51. Any realisation of our contingent liabilities could adversely affect our financial condition, results of operations and cash flows.

As at June 30, 2024, our contingent liabilities as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets based on the Interim Condensed Consolidated Financial Statements are as set out in the table below:

Particulars	As at June 30, 2024 (₹ in million)
Excise duty, entry tax and service tax matters	102.89
Income tax matters	63.88
Customer claims	63.80
Other matters	22.07
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,010.53

If any of these contingent liabilities materialise or if at any time we are compelled to pay all or a material proportion of these contingent liabilities, it may have an adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, there can be no assurance that we will not incur contingent liabilities in future.

52. Some of our business operations are being conducted on leased premises, including 12 out of our 17 manufacturing facilities. If we are unable to renew or extend such leases, our business operations may be adversely affected. In addition, some of our business operations are being conducted on premises that require the prior consent of certain state specific development authorities for the purpose of a change in the constitution of our Company, which could limit our flexibility in running our business if we are unable to obtain the consent from such authorities for any desired changes to the constitution.

Some of our business operations are being conducted on premises leased from third parties, including 12 out of our 17 manufacturing facilities. There can be no assurance that we will be able to renew these leasing arrangements on commercially favourable terms, or at all. If a lease agreement is terminated or not renewed, we would need to relocate the manufacturing undertaken on the land to a different location, which would involve additional costs and which could have an adverse effect on our business, financial condition, results of operations and cash flows.

In addition, the terms of certain of our leases require us to obtain the lessor's prior consent for certain actions, including making structural alterations to the leased premises, which may be required if we were to undertake an expansion in the future.

Some of our business operations are being conducted on premises leased from state specific development authorities. For more details on to risks in relation to land leased from state specific development authorities, see "*– Internal Risk Factors – Some of our manufacturing facilities are operated on industrial land allotted to us by industrial development corporations. Failure to comply with the conditions of use of such land could result in an adverse effect on our business, financial condition, results of operations and cash flows. In addition, In addition, the lease and sale agreements in relation to two of our manufacturing facilities require our Company to seek prior consent from the relevant authorities for any change in our Company's constitution, which could limit our Company's flexibility in running its business if it is unable to obtain the consent from such authorities for any desired changes to the constitution*" on page 76.

53. Information relating to the installed capacity and capacity utilisation included in this Preliminary Placement Document is based on various assumptions and estimates and capacity utilisation may vary.

Information relating to the installed capacity and capacity utilisation included in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity and capacity utilisation. Future capacity utilisation rates may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilisation rates. In addition, capacity utilisation is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on our historical installed capacity and capacity utilisation for our existing manufacturing facilities included in this Preliminary Placement Document. See "*Our Business – Installed Capacity and Capacity Utilisation by Product Family*" on page 287.

54. Statistical and industry data in this Preliminary Placement Document are derived from the CRISIL Report, which was commissioned by our Company for the purpose of the Issue for an agreed fee. The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions.

This Preliminary Placement Document includes information that is derived from the CRISIL Report, which was prepared by CRISIL MI&A pursuant to an engagement with our Company. CRISIL MI&A is not in any manner related to our Company, our Directors or our Promoters.

The CRISIL Report is subject to various limitations and based upon certain assumptions that are subjective in nature. CRISIL MI&A has prepared the CRISIL Report relying on and referring to information provided by third parties, publicly available information as well as industry publications and other sources ("**Information**"). CRISIL MI&A assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Forecasts, estimates, predictions and other forward-looking statements contained in the CRISIL Report are inherently uncertain, as any change in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen, may have a significant impact. Actual results could differ materially from such forecasts, estimates, predictions or such statements. Accordingly, investors should not place undue reliance on or base their investment decision solely on information derived from the CRISIL Report. For more information on the CRISIL Report, see "*Industry and Market Data*" on page 19.

EXTERNAL RISK FACTORS

55. Any downturn in the macroeconomic environment in India would adversely affect our business, financial condition, results of operations and cash flows.

The table below sets forth our revenue from customers in India for the periods and fiscal years indicated.

Particulars	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
	(₹ in million, except percentages)				
Revenue from customers in India [A]	5,110.40	4,565.12	19,487.16	17,001.31	11,874.53
Revenue from customers in India as a percentage of revenue from operations [B = A/C] (%)	**68.69%**	**69.16%**	**69.31%**	**72.47%**	**59.70%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows. The Indian economy could be adversely affected by various factors, such as pandemics, epidemics, political and regulatory changes, including adverse changes in the Government's liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, volatility in interest rates, volatility in commodity and energy prices, a loss of investor confidence in other emerging market economies and any worldwide financial instability. In addition, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and thereby adversely affect our business, financial condition, results of operations and cash flows.

56. If inflation rises in India, increased costs may result in a decrease in our profits.

Increasing inflation in India could cause the costs of rent, wages, raw materials and other expenses to rise. If we are unable to increase our prices sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

57. The occurrence of natural disasters and other unforeseen events may adversely affect our business, financial condition, results of operations and cash flows.

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires and explosions, could damage or destroy one or more of our manufacturing facilities and adversely affect our business, financial condition, results of operations and cash flows. Such natural disasters, or other unforeseen events, such as political instability or a public health crisis in India, Sweden, or in any country to which we export, could also have an adverse effect on our business, financial condition, results of operations and cash flows.

58. It may not be possible for investors to enforce any judgment obtained outside India against our Company, the Directors or the Key Managerial Personnel in India except by way of a lawsuit in India.

Our Company is incorporated under the laws of India, the majority of our assets are located in India and all of our Directors and all of the 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. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy. For more details, see "*Enforcement of Civil Liabilities*" on page 23.

59. Foreign investors are subject to investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect our business, financial condition, results of operations and cash flows.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Instrument Rules, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. We cannot assure you that any required approval from the RBI or any other government agencies will be obtained on favourable terms, or at all. Further, under current external commercial borrowing guidelines prescribed by the RBI, companies are required to abide by restrictions including minimum maturity, permitted and non-permitted end-uses, and a maximum all-in-cost ceiling. Our inability to raise additional capital as a result of these and other restrictions could adversely affect our business, financial condition, results of operations and cash flows.

60. Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividends paid thereon.

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Additionally, a securities transaction tax ("**STT**") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realized on the sale of listed equity shares on a recognised stock exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains, and any available treaty relief. 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 immediately preceding the date of transfer. Such long-term capital gains exceeding ₹125,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 12.5% (plus applicable surcharge and cess) subject to, *inter alia*, payment of STT. Further, any capital gains realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will also be subject to long term capital gains tax in India at the rate of 12.5% (plus applicable surcharge and cess) without indexation. Any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. 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.

Additionally, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rate. Further, we are required to withhold tax on such dividends distributed at the applicable rate. Non-resident shareholders may claim benefit of the applicable tax treaty, subject to satisfaction of certain conditions. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

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

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

62. Significant differences exist between Ind AS used to prepare our annual financial statements and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar.

Our annual financial statements included in this Preliminary Placement Document are prepared and presented in conformity with Ind AS. Ind AS differ in certain respects from U.S. GAAP, IFRS and other accounting principles and standards. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial information included in this Preliminary Placement Document nor do we provide for a reconciliation of the financial information included in this Preliminary Placement Document to those of U.S. GAAP or IFRS. Accordingly, the degree to which financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on investor's familiarity with Indian accounting principles. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

Risks Related to the Equity Shares and the Issue

63. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The market price of the Equity Shares may decline or fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- announcements about our earnings that are not in line with analyst expectations;
- the public's reaction to our press releases, other public announcements and filings with the regulator;
- significant liability claims, complaints from our customers, shortages or interruptions in the availability of raw materials, or reports of incidents of tampering of raw materials;
- changes in senior management or key personnel;
- macroeconomic conditions in India;
- fluctuations of exchange rates;
- the operating and stock price performance of comparable companies;
- changes in our shareholder base;
- changes in our dividend policy;
- issuances, exchanges or sales, or expected issuances, exchanges or sales;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in the regulatory and legal environment in which we operate; and
- market conditions in the construction and development industry and the domestic and worldwide economies

as a whole.

Any of these factors may result in large and sudden changes in the volume and trading price of the Equity Shares. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. We cannot assure you that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

64. Any future issuance of Equity Shares, or convertible securities or other equity linked securities by our Company could dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group could 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 our Company, including through exercise of employee stock options, could dilute your shareholding in our Company and adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares.

Further, the disposal of Equity Shares by our Promoters and Promoter Group, or the perception that such sales may occur, could adversely affect the trading price of the Equity Shares. We cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

65. 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.

66. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.

Our ability to pay dividends in the future may not be the same as our ability to pay dividends in the past, as it will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. For more information, see "*Dividends*" on page 114.

67. Fluctuations in the exchange rate between the Indian Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our operating results.

The Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividends to investors. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Indian Rupees may affect the value of the investment in the Equity Shares. Specifically, if there is a change in relative value of the Indian Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Indian Rupee trading price of the Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of the Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on the Equity Shares, which will be paid only in Rupees.

In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rates between the Indian Rupee and other currencies (including the U.S. dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) have changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results. You may be unable to convert Indian Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate.

In addition, our Company's market valuation could be seriously harmed by a devaluation of the Indian Rupee if investors in jurisdictions outside India analyses its value based on the relevant foreign currency equivalent of our financial condition, results of operations and cash flows.

68. An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing for the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE, and may not enter into any off-market trading in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the market price of the Equity Shares. Further, allotments made to venture capital funds and alternative investment funds in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

69. Bidders to the Issue are not allowed to withdraw or revise their Bids downwards after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Bidders in the Issue are not allowed to withdraw or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the Bidder's demat account with the depository participant could take approximately seven days and up to ten days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Bidder's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The Bidders shall not have the right to withdraw or revise their Bids downwards in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the Bidders' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE and NSE since September 24, 2021. As on the date of this Preliminary Placement Document, 53,998,324 Equity Shares have been issued, subscribed and paid up.

As of October 9, 2024, the closing price of the Equity Shares on BSE and NSE was ₹1,619.10 and ₹1,619.65 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the Fiscals 2024, 2023 and 2022.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2024	1,059.60	January 4, 2024	32,224.00	34,417,681.00	720.00	April 24, 2023	2,735.00	1,971,837.00	908.21
2023	826.30	December 6, 2022	14,685.00	12,076,134.00	648.95	June 21, 2022	18,241.00	12,129,423.00	725.76
2022	850.50	November 18, 2021	44,764.00	38,202,466.00	563.40	March 25, 2022	3,845.00	2,192,437.00	734.89

(Source: www.bseindia.com)

Notes:
1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2024	1,057.00	January 4, 2024	177,609.00	189,297,260.65	720.85	April 24, 2023	13,409.00	9,668,287.45	908.33
2023	825.40	December 6, 2022	109,258.00	89,897,187.25	653.60	June 21, 2022	30,777.00	20,393,893.80	726.20
2022	850.70	November 18, 2021	313,657.00	268,651,104.65	563.15	March 25, 2022	39,025.00	22,184,314.45	734.80

(Source: www.nseindia.com)

Notes:
1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month Volume	Turnover (₹)
September, 2024	1,723.70	September 24, 2024	4,017.00	6,885,981.00	1,379.90	September 6, 2024	20,900.00	29,201,520.00	1,552.09	316,910.00	476,295,510.00
August, 2024	1,531.15	August 26, 2024	3,262.00	4,994,573.00	1,362.00	August 5, 2024	25,152.00	34,423,903.00	1,457.15	169,206.00	243,239,828.00
July, 2024	1,420.00	July 29, 2024	61,873.00	87,838,286.00	1,308.10	July 1, 2024	40,826.00	53,473,661.00	1,374.66	395,010.00	543,488,299.00
June, 2024	1,299.00	June 25, 2024	29,616.00	38,808,684.00	981.50	June 4, 2024	9,454.00	9,448,564.00	1,183.62	927,117.00	1,104,374,592.00
May, 2024	1,058.95	May 18, 2024	4,254.00	4,501,105.00	991.00	May 9, 2024	3,562.00	3,558,851.00	1,026.33	129,656.00	134,594,153.00
April, 2024	1,064.85	April 18, 2024	9,753.00	10,419,730.00	1,002.80	April 29, 2024	3,599.00	3,604,821.00	1,034.28	150,608.00	157,412,287.00

(Source: www.bseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
September, 2024	1,724.75	September 24, 2024	178,609.00	306,587,583.65	1,380.05	September 6, 2024	406,429.00	567,758,187.80	1,551.83	4,875,547.00	7,615,396,569.40
August, 2024	1,531.70	August 26, 2024	153,974.00	236,341,076.70	1,361.40	August 5, 2024	213,203.00	291,864,705.05	1,457.15	3,427,071.00	4,946,541,556.70
July, 2024	1,419.70	July 29, 2024	110,220.00	156,322,502.40	1,309.05	July 1, 2024	173,776.00	227,639,193.00	1,374.67	4,280,199.00	5,869,654,141.50
June, 2024	1,299.10	June 25, 2024	490,373.00	641,833,653.20	981.05	June 4, 2024	244,569.00	244,692,139.30	1,183.54	8,733,151.00	10,517,938,299.15
May, 2024	1,060.20	May 18, 2024	15,983.00	16,906,125.65	989.70	May 9, 2024	77,467.00	77,369,052.25	1,026.33	3,023,261.00	3,145,691,066.90
April, 2024	1,063.35	April 18, 2024	110,473.00	117,911,292.20	1,001.80	April 29, 2024	68,619.00	68,779,302.25	1,034.71	2,438,306.00	2,543,974,210.60

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(iii) The following tables set forth the market price on the Stock Exchanges on August 21, 2024, the first working day following the approval of the Board for the Issue:

BSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹)
1,521.05	1,525.00	1,478.05	1,492.25	5,621.00	8,432,723.00

(Source: www.bseindia.com)

NSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹)
1,525.00	1,528.75	1,477.55	1,497.65	163,277.00	244,702,637.90

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The gross proceeds of the Issue will be aggregating to approximately ₹[•] million* ("**Gross Proceeds**"). After deducting the Issue expenses (including fees and commissions) of approximately ₹[•] million, the net proceeds of the Issue will approximately be ₹[•] million ("**Net Proceeds**").

**Subject to allotment of Equity Shares pursuant to this Issue.*

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following:

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company;
2. Acquisition of land for construction of a new manufacturing facility by our Company;
3. Capital expenditure towards expansion and development of certain existing manufacturing facilities of our Company; and
4. General corporate purposes (collectively, the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enables us to undertake our existing activities and the Objects contemplated by us in this Issue.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in million)
Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	7,000.00
Acquisition of land for construction of a new manufacturing facility by our Company	1,000.00$
Capital expenditure towards expansion and development of certain existing manufacturing facilities of our Company	1,000.00$
General corporate purpose*	[•]
Total Net Proceeds**	[•]

** The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. To be determined upon finalization of the Issue Price and updated in the Placement Document.*
*** To be determined upon finalisation of the Issue Price*
$As certified by an independent chartered engineer firm, Prasad & Associates, by way of their certificate dated October 10, 2024.

In the event of a change in the final Issue size, the amounts shown in the table above against each of the use of proceeds specified therein shall be modified in proportion to the change in the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the estimated schedule of deployment set forth below:

(₹ in million)

Particulars	Total estimated amount / expenditure (A)	Amount deployed as on September 30, 2024 (B)	Amount to be funded from the Net Proceeds (in ₹ million) (C)	Estimated Deployment		Balance fund to be deployed from Internal Accruals/Debt Arrangements (D = A-B-C)
				Fiscal 2025	Fiscal 2026	
Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	7,000.00	Nil	7,000.00	7,000.00	-	-

Particulars	Total estimated amount / expenditure (A)	Amount deployed as on September 30, 2024 (B)	Amount to be funded from the Net Proceeds (in ₹ million) (C)	Estimated Deployment		Balance fund to be deployed from Internal Accruals/Debt Arrangements (D = A-B-C)
				Fiscal 2025	Fiscal 2026	
Acquisition of land for construction of a new manufacturing facility by our Company	1,287.50	150.00	1,000.00$	1,000.00$	-	137.50
Capital expenditure towards expansion and development of certain existing manufacturing facilities of our Company	3,668.24	2,038.91	1,000.00$	600.00$	400.00$	629.33
General corporate purpose*	[●]		[●]	[●]	[●]	-
Total	[●]		[●]	[●]	[●]	

* *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. To be determined upon finalization of the Issue Price and updated in the Placement Document.*
$*As certified in the CE Certificate (defined below).*

The funding requirement, proposed deployment of funds and the intended use of the Net Proceeds set out above is based on our (a) current business plan, internal management estimates, current circumstances of our business, prevailing market conditions and other commercial considerations (b) certificate dated October 10, 2024 obtained from an independent chartered engineer firm, Prasad & Associates, in relation to capital expenditure towards expansion and development of certain existing manufacturing facilities of our Company and acquisition of land for construction of a new manufacturing facility by our Company ("**CE Certificate**"). However, these fund requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution. We may have to revise our funding requirement on account of various factors, such as financial and market conditions, interest rates fluctuation, access to capital, competitive landscape and other external factors such as changes in the business environment or regulatory climate, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws.

Further, in the event, the Net Proceeds are not utilized (in full or in part) for the Object of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws.

Subject to compliance with applicable laws, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. Our Company's management, in accordance with the policies of the Board and as per applicable laws, shall have flexibility in utilising surplus amounts, if any.

Details of the Objects

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company

Our Company avails fund-based and non-fund-based facilities in the ordinary course of business from various entities, banks and financial institutions and has accordingly entered into various borrowing arrangements with them. The borrowing arrangements entered into by us include, inter alia, term loans and working capital facilities. As of September 30, 2024, our total financial indebtedness with banks and financial institutions was ₹9,766.16 million, on consolidated basis. We propose to utilise a portion of the Net Proceeds aggregating to ₹7,000.00 million for part or full repayment, and/or pre-payment of certain borrowings availed by our Company, as listed in the tables below.

Our Company has obtained necessary consents, wherever required, from the lenders as per the requirements under the borrowing arrangements. We have and will also take such provisions into consideration while deciding repayment and/ or pre-payment of loans from the Net Proceeds. Further, the outstanding amounts under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. Accordingly, our Company may utilise the Net Proceeds for part and/or full prepayment of any such facilities.

Certain of the financing facilities availed by our Company, provide for the levy of prepayment penalty as a proportion of the principal amount prepaid. In the event that there are any prepayment penalties required to be paid under the terms of relevant financing agreements, such prepayment penalties shall be paid by our Company out of the internal accruals of our Company. We have and will also take such provisions into consideration while deciding repayment and/ or pre-payment of loans from the Net Proceeds.

The repayment and/or pre-payment, in part or full, of certain borrowings availed by our Company by utilizing the Net Proceeds will help reduce our outstanding indebtedness. In addition, we believe that since our debt - equity ratio will improve, it will enable us to raise further resources at competitive rates and additional funds/ capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The details of the outstanding borrowing availed by our Company, proposed for repayment or prepayment, in full or in part, from the Net Proceeds is set forth below:

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Sr. No.	Name of the lender	Date of Sanction Letter	Nature of Borrowing	Purpose for which disbursed loan amount was sanctioned and utilised by the Company	Amount sanctioned (In ₹ million)	Amount outstanding as on September 30, 2024 (In ₹ million)	Interest rate %	Repayment Schedule	Prepayment Penalty (%)
1.	Axis Bank	June 24, 2020	Term loan	Capital expenditure	1,000.00	248.32	9.25	Quarterly instalments: 16 quarters	No prepayment charges in case prepayment is made through proceeds from issue of equity shares subject to provision of 15 days prior notice
2.	Bajaj Finance	November 30, 2019	Term loan	Capital expenditure	200.00	21.24	9.15	Monthly instalments: 48 months	2% of prepayment amount if such amount is over 20% of the outstanding amount
3.	HDFC Bank	February 10, 2020	Term loan	Capital expenditure	500.00	125.00	8.49	Quarterly instalments: 20 quarters	2% of prepayment amount
4.	HDFC Bank	March 15, 2021	Term loan	Capital expenditure	200.00	70.71	8.06	Quarterly instalments: 20 quarters	2% of prepayment amount
5.	HDFC Bank	March 15, 2021	Term loan	Capital expenditure	500.00	350.00	8.06	Quarterly instalments: 20 quarters	2% of prepayment amount
6.	HDFC Bank	August 26, 2023	Term loan	Capital expenditure	900.00	900.00	8.04	Quarterly instalments: 20 quarters	2% of prepayment amount
7.	HDFC Bank	August 26, 2023	Term loan	Capital expenditure	300.00	300.00	8.04	Quarterly instalments: 20 quarters	2% of prepayment amount
8.	HDFC Bank	June 26, 2024	Term loan	Capital expenditure	1,000.00	1,000.00	8.01	Quarterly instalments: 20 quarters	2% of prepayment amount
9.	HDFC Bank	July 19, 2024	Term loan	Capital expenditure	1,000.00	800.00	8.30	Quarterly instalments: 20 quarters	2% of outstanding amount, except in cases where prepayment is done through proceeds from issue of equity shares through initial public offering, further public offering and qualified institutions placement
10.	State Bank of India	December	Term loan	Capital expenditure	1,000.00	517.67	8.50	Monthly	2% of prepayment amount, except in

Sr. No.	Name of the lender	Date of Sanction Letter	Nature of Borrowing	Purpose for which disbursed loan amount was sanctioned and utilised by the Company	Amount sanctioned (In ₹ million)	Amount outstanding as on September 30, 2024 (In ₹ million)	Interest rate %	Repayment Schedule	Prepayment Penalty (%)
		20, 2021						instalments: 54 months	cases where the prepayment is done through proceeds from issue of equity shares to Promoters
11.	State Bank of India	December 20, 2021	Term loan	Capital expenditure	1,000.00	517.87	8.50	Monthly instalments: 54 months	2% of prepayment amount, except in cases where the prepayment is done through proceeds from issue of equity shares to Promoters
12.	Bajaj Finance Limited	July 12, 2024	Working capital demand loan	Working capital	450.00	450.00	8.40	On demand	2% of prepayment amount, except in cases where the prepayment is done through proceeds from issue of equity shares to Promoters
13.	CITI Bank	July 4, 2024	Packing credit	Working capital	1,800.00	1,100.00	7.98	On demand	2% of the outstanding amount. However, no prepayment charge is payable within the interest reset date
14.	CITI Bank	July 4, 2024	Working capital demand loan	Working capital		96.33	8.98	On demand	2% of the outstanding amount. However, no prepayment charge is payable within the interest reset date
15.	DBS Bank	March 17, 2024	Packing credit	Working capital	350.00	300.00	8.50	Tenor to be a maximum of 180 days	NIL
16.	HDFC Bank	July 19, 2024	Packing credit	Working capital	1,850.00	500.00	6.26	On demand	2% of outstanding amount, except in cases where prepayment is done through proceeds from issue of equity shares through initial public offering, further public offering and qualified institutions placement
17.	HDFC Bank	July 19, 2024	Working capital demand loan	Working capital		502.31	7.94	On demand	2% of outstanding amount, except in cases where prepayment is done through proceeds from issue of equity shares through initial public offering, further public offering and qualified institutions placement
18.	State Bank of India	January 25, 2024	Packing credit	Working capital	1,095.00	897.85	7.98	On demand	2% of prepayment amount, except in cases where the prepayment is done through proceeds from issue of equity shares to Promoters
	Total				**13,145.00**	**8,697.30**			

Our Company has and will consider the following factors for identifying the loans that will be repaid out of the Net Proceeds: (i) costs, expenses and charges relating to the facility/borrowing including interest rates involved; (ii) presence of onerous terms and conditions under the facility; (iii) ease of operation of the facility; (iv) levy of any prepayment penalties and the quantum thereof; (v) provisions of any law, rules, regulations governing such borrowings; (vi) terms of pre-payment to lenders, if any; (vii) mix of credit facilities provided by lenders; and (viii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

2. Acquisition of land for construction of a new manufacturing facility by our Company

Our Company currently owns 17 integrated manufacturing facilities. However, in order to meet the increasing demand for our products, as well as the necessity for launching new products to meet our customer's specifications, the Board of Directors, at their meeting held on March 26, 2024 have approved the establishment of a new manufacturing facility in order to accommodate new forging lines and machining lines.

Towards this purpose, our Company proposes to invest an amount of ₹1,287.50 million towards acquisition of 55 acres of land in Harohalli, Karnataka from KIADB, pursuant to a letter of allotment dated September 27, 2024.

Estimated Cost and Means of Finance

The total estimated cost and means of finance for the acquisition of the land is set forth below:

(*in ₹ million*)

Expense category / Source of Funds		Amount
Total estimated cost towards the capital expenditure acquisition of land (A)		1,287.50
Amount deployed as on date of this Preliminary Placement Document (B)		150.00
Balance estimated cost to be funded as follows [(C) = (A) – (B)]:		1,137.50
(i)	Net Proceeds from the Issue towards financing the acquisition cost of the land for new plant	1,000.00
(ii)	Internal accruals	137.50

The aforementioned details have been certified in the CE Certificate, and have been approved by our Board at their meeting held on October 10, 2024.

3. Capital expenditure towards expansion and development of certain existing manufacturing plants of our Company

We intend to capitalize on opportunities across various sectors in the engineering industry by continuing to invest in innovation, expanding our facilities and increasing automation at our integrated manufacturing facilities. This will enable us to strengthen our core manufacturing facilities and support our growing production requirements.

Accordingly, we intend to carry out the expansion of our factory building located at our manufacturing facility located at Sy. No. 101/3, Sy. No. 101/4 and Sy. No. 105/3, Jigani Village, Jigani Hobli, Anekal Taluk, Bengaluru, Karnataka ("**Plant 9**") and acquire and upgrade equipment, plant and machinery at our manufacturing facilities located at: (a) Plot No. 48, Bidadi Industrial Area, Phase-II, Sector-II, Shyanumangala, Bidadi Hobli, Ramanagara Taluk, Bengaluru, Karnataka ("**Plant 11**"), (b) Sec-02, Plot no – 2IIE Panthnagar, Uttarakhand ("**Plant 16**"), and (c) Plant 9 (together, with Plant 11 and Plant 16, the "**Identified Manufacturing Facilities**") The total cost of such capital expenditure is estimated to be ₹4,546.62 million, as per the CE Certificate ("**Capital Expenditure Cost**"). Our Company proposes to utilise a portion of the Net Proceeds, not exceeding ₹ 1,000.00 million, towards part financing the Capital Expenditure Cost.

Estimated Cost and Means of Finance

The total estimated cost and means of finance for the Capital Expenditure Cost is set forth below:

(*in ₹ million*)

Expense category / Source of Funds	Cost
Total estimated cost towards the capital expenditure for the Manufacturing Facilities,	4,546.62[(1)]

Expense category / Source of Funds		Cost
comprising (A)		
Amount deployed as on date of this Preliminary Placement Document (B)		2,133.75[(2)]
Balance estimated cost to be funded as follows [(C) = (A) – (B)]:		2,412.87
(iii)	Net Proceeds from this Issue towards part financing the cost of the Manufacturing Facilities	1,000.00[(3)]
(iv)	Internal accruals	1,412.87[(4)]

(1) *Total estimated cost as per the CE Certificate. For the purpose of estimated Capital Expenditure Cost, expenses to be made towards (a) acquisition of land has been estimated to be ₹245.00 million; (b) building and civil works has been estimated to be ₹685.58 million; (c) plant, machinery and equipment has been estimated to be ₹2,982.66 million and (d) miscellaneous expenditure has been estimated to be ₹633.39 million, in the CE Certificate.*

(2) *As on September 30, 2024, our Company has deployed ₹2,133.75 million from internal accruals towards expansion and development of the Identified Manufacturing Facilities, comprising (a) ₹69.22 million towards acquisition of land (b) ₹276.76 million towards building and civil works; (c) ₹1,762.15 million towards plant, machinery and equipment and (d) ₹25.61 million towards miscellaneous expenditure, and such expenditure incurred has been certified by an independent chartered engineer firm, Prasad & Associates in the CE Certificate.*

(3) *Our Company proposes to utilise ₹ 1,000 million from Net Proceeds towards expansion and development of the Identified Manufacturing Facilities, comprising (a) ₹129.71 million towards building and civil works and (b) ₹ 870.29 million towards plant, machinery and equipment.*

(4) *Balance amount of ₹1,412.87 million towards expansion and development of the Identified Manufacturing Facilities comprising (a) ₹175.78 million towards acquisition of land (b) ₹279.10 million towards building and civil works; (c) ₹350.21 million towards plant, machinery and equipment and (d) ₹607.78 million towards miscellaneous expenditure, is proposed to be funded from internal accruals by our Company.*

Expansion of factory building

Expansion of the factory building for our manufacturing facilities located at Plant 9 consists of construction and engineering related work, including construction of the building according to CII IGBC standards, construction of roads, floor finish as chemical – resistant flooring, construction of super-structure, roof, doors, rolling shutters and windows, office furnishings, weathering course, drainage and sewerage system, earth filling, electrical planning and equipment, and installation of diesel generators for power back - up. The total estimated cost of this capital expenditure proposed to be utilised from Net Proceeds is estimated to be approximately ₹129.71 million, as certified by an independent chartered engineer firm, Prasad & Associates, by way of their certificate dated October 10, 2024.

Acquisition and upgradation of equipment, plant and machinery

We propose to utilise an amount of ₹870.29 million from the Net Proceeds towards acquisition of and upgradation of equipment, plant and machinery at our manufacturing facilities located at Plant 9, Plant 11 and Plant 16. While the specific number and nature of such equipment, plant and machinery to be procured by our Company will depend on our business requirements, set out below is an indicative list of the plant, machinery and equipment proposed to be purchased by our Company:

1. Materia handling equipment;
2. SVM – support machines;
3. Thread rolling;
4. Tools dies fixtures;
5. Polishing machine;
6. Milling – 5 Axis;
7. 1,600 ton DD press line with accessories;
8. Surface treatment equipment;
9. CMM, Lab & Quality testing equipment;
10. Milling – 4 Axis;
11. Induction hardening machine;
12. OD & ID grinding machine;
13. Vertical machining centre;
14. Zero discharge effluent treatment plant;
15. CNC facing, cantering and turning machine;

16. Gantry machine;
17. Hydraulic press;
18. Clean room & utility;
19. Fanuc robots;
20. Utilities;
21. Profile griding machine;
22. Long hole drilling machine;
23. End of line station; and
24. Deep hole drilling machine.

The identification of plant/ machinery and other costs is based on the CE Certificate and present estimates of our management. While an indicative list of the property, plant and equipment that our Company intends to procure has been provided above, technical specifications of equipment, plant and machinery including type, specification, vendor, capacity or value of the machinery are subject to change.

Contingencies

The total estimated cost mentioned above is exclusive of the contingency provision to manage unexpected costs and delays, such as delays in procurement of materials or equipment, alterations in design or scope, delay in procurement of approvals for building and civil works, increase in cost of raw materials, availability and dependency on the third parties such as building contractors, interior contractors, designers and supplier for construction material, logistics costs related to procurement of plant and machinery, any exchange rate fluctuations, increase in the estimated cost of plant and machinery or equipment, cost associated with delays in supply of plant and machinery etc. On account of any contingencies if the actual project cost for expansion or development of the Identified Manufacturing Facilities exceeds the estimated cost considered for total project cost estimates, we may be required to deploy additional funds from internal accruals or debt funding or may opt for any other mode of fund raising in accordance with the applicable laws.

Other Confirmation

In addition to estimated expenses mentioned above, there may be revision in the final amounts payable towards these categories pursuant to any cost escalation, taxes, levies payable and/or installing cost, if any, on such items and accordingly, the actual costs may differ from the current estimates. Further, we have not entered into definitive agreements with any vendors and there can be no assurance that the same vendors with whom quotations or estimates have been procured and on the basis of which the CE Certificate was obtained would be engaged to eventually supply the items, or at the same costs. Accordingly, the actual expenses for the Capital Expenditure Cost above may differ from the current estimates. Based on various commercial considerations including, *among others*, prevailing market price, availability of adequate manpower and equipment in timely manner, competition, business strategy and technological advancements, our Company shall have the flexibility to replace any existing equipment than as proposed, depending on the internal estimates of our management and business requirements.

4. General corporate purpose

Our Company proposes to deploy ₹[●] million out of the Net Proceeds towards general corporate purposes, subject to the amount allocated towards general corporate purpose not exceeding 25% of the Gross Proceeds, in compliance with applicable laws.

We will have flexibility in utilizing the Net Proceeds for general corporate purposes, including but not restricted to, strategic initiatives, as applicable, meeting exigencies and expenses incurred by our Company, as may be applicable, or such other purposes as may be determined by the Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. The quantum of utilisation of funds or the deployment towards each of the above purposes will be determined by our Board or a committee thereof, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

Other Confirmations

Neither our Promoters, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our

Promoters, Directors, Key Managerial Personnel or Senior Management Personnel are not eligible to subscribe in the Issue.

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Company undertakes to deposit the Net Proceeds only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, or to temporarily invest the Net Proceeds in creditworthy instruments, including money market/mutual funds as may be approved by our Board or a duly constituted committee thereof, from time to time and in accordance with applicable laws.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank.

Monitoring of utilization of Net Proceeds

Our Company has appointed ICRA Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹1,000 million. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt, until such time as the Net Proceeds have been utilized in full or the Objects for which the Net Proceeds were raised have been achieved. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company at www.sansera.in, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at June 30, 2024 which has been derived from the Unaudited Condensed Interim Consolidated Financial Statements and as adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 115 and the Financial Statements included in "*Financial Statements*" on page 375.

(₹ in million)

S. No.	Particulars	Pre-Issue	Post-Issue
		As at June 30, 2024 (unaudited consolidated) (Refer Note-1 below)	**Amount after considering the Issue (Refer Note-2 & 3 below)**
I	**Borrowings:**		
	Current borrowings	5,696.19	[●]
	Non-current borrowings	3,489.19	[●]
	Total borrowings	**9,185.38**	**[●]**
II	**Total equity**		
	Equity Share capital	108.00	[●]
	Other equity (excluding securities premium account)	12,152.46	[●]
	Securities premium account	1,814.63	[●]
	Total equity attributable to owners of the Company	14,075.09	
	Non-controlling interests	164.45	[●]
	Total equity	**14,239.54**	[●]
			[●]
III	**Total capitalization (I+II)**	**23,424.92**	[●]
IV	**Total borrowings / Total equity**	**0.65**	[●]

Notes:

1. *Amounts derived from the Unaudited Condensed Interim Consolidated Financial Statements as at June 30, 2024.*
2. *Post Issue' column in the above table has been adjusted for the number of Equity Shares issued pursuant to the Issue and the proceeds from the Issue thereon. It reflects changes in Equity only on account of proceeds from the Issue of [●] Equity Shares aggregating to ₹ [●]in Equity Share Capital, at an Issue Price of ₹ [●] per Equity Share, including securities premium of ₹ [●] per equity share aggregating to ₹ [●] in Other Equity. The figures to be included under post-Issue column relating to the shareholder's fund shall be derived after considering the impact due to the issue of the Equity Shares only through the qualified institutions placement assuming that the Issue will be fully subscribed and does not include any other transactions or movements / issue related expenses.*
3. *Will be finalized upon the determination of Issue Price.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(Except share data and unless otherwise provided, in ₹)

		Aggregate value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	100,000,000 Equity Shares of face value ₹ 2 each	200,000,000.00
	300,000 Series A CCPS of ₹ 100 each	30,000,000.00
	750,000 Series B CCPS of ₹ 100 each	75,000,000.00
		305,000,000.00
B	**ISSUED SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	5,39,98,324 Equity Shares	107,996,648.00
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT** (1)	
	Up to [●] Equity Shares aggregating up to [●] million*(1)(2)	[●]
D	**ISSUED SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares (2)	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on date of this Preliminary Placement Document) (in ₹ million)	1,814.63
	After the Issue (2)	[●]

** Subject to allotment of Equity Shares pursuant to the Issue.*

(1) The Issue has been approved by the Board of Directors on August 20, 2024. Subsequently, our Shareholders, through a special resolution passed at their AGM held on September 26, 2024, approved the Issue.

(2) To be determined upon finalization of the Issue Price. The securities premium account after the Issue is calculated on the basis of gross proceeds of the Issue, not adjusted for the Issue related expenses, which shall be updated in the Placement Document.

Equity share capital history of our Company

The history of the equity share capital of our Company since incorporation is set forth below:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
December 15, 1981	30	100.00	100.00	Cash	Subscription to the Memorandum of Association	Each of S S Vasan, S R Das and Subramonia Sekhar Vasan were allotted 10 equity shares	30	3,000
March 5, 1984*	970	100.00	100.00	Cash	Preferential allotment	Subramonia Sekhar Vasan was allotted 530 equity shares, S S Vasan was allotted 250 equity shares, S R Das was allotted 90 equity shares and Kumar Mahadevan was allotted 100 equity shares	1,000	100,000
June 20, 1990	5,500	100.00	100.00	Cash	Preferential allotment	Subramonia Sekhar Vasan was allotted 5,150 equity shares, Tara Rajagopal was allotted 100 equity shares and Lalitha Singhvi was allotted 250 equity shares	6,500	650,000

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
September 13, 1994	13,500	100.00	NA	NA	Bonus issue	Subramonia Sekhar Vasan was allotted 6,469 equity shares, Prashanth Singhvi was allotted 1,090 equity shares, Tarun unni was allotted 1,038 equity shares, Vikram unni was allotted 779 equity shares, K Devappa was allotted 623 equity shares, Manjula Sekhar was allotted 540 equity shares, Lalitha Singhvi was allotted 520 equity shares, Namitha Devaraj and Niveditha Devaraj were each allotted 519 equity shares, Bela Singhvi was allotted 415 equity shares, Karthik Das, Kumar Mahadevan, Tara Rajagopal and Devaraj (HUF) were each allotted 208 equity shares and Bhagyalakshmi Devaraj was allotted 156 equity shares	20,000	2,000,000
September 28, 1998	15,000	100.00	100.00	Cash	Preferential allotment	Subramonia Sekhar Vasan was allotted 8,250 equity shares, Prashanth Singhvi was allotted 1,210 equity shares, Tarun Unni was allotted 1,153 equity shares, Devappa Devaraj (HUF) was allotted 918 equity shares, Vikram Unni was allotted 866 equity shares, Niveditha Devaraj was allotted 579 equity shares, Namitha Devaraj was allotted 578 equity shares, Lalitha Singhvi was allotted 577 equity shares, Bela Singhvi was allotted 463 equity shares, Tara Rajagopal was allotted 231 equity shares and Bhagya Lakshmi was allotted 175 equity shares	35,000	3,500,000

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
March 29, 1999	5,000	100.00	100.00	Cash	Preferential allotment	Subramonia Sekhar Vasan was allotted 2,750 equity shares, Prashanth Singhvi was allotted 405 equity shares, Tarun Unni was allotted 385 equity shares, Devappa Devaraj (HUF) was allotted 313 equity shares, Vikram Unni was allotted 288 equity shares, Lalitha Singhvi was allotted 193 equity shares, Namitha Devaraj was allotted 191 equity shares, Niveditha Devaraj was allotted 190 equity shares, Bela Singhvi was allotted 152 equity shares, Tara Rajagopal was allotted 77 equity shares and Bhagya Lakshmi was allotted 56 equity shares	40,000	4,000,000
December 30, 2000	20,000	100.00	100.00	Cash	Preferential allotment	Manjula Sekhar was allotted 11,000 equity shares, Prashanth Singhvi was allotted 1,615 equity shares, Tarun Unni was allotted 1,538 equity shares, Vikram Unni was allotted 1,154 equity shares, Devappa Devaraj was allotted 923 equity shares, Lalitha Singhvi was allotted 770 equity shares, Namitha Devaraj and Niveditha Devaraj were each allotted 769 equity shares, Bela Singhvi was allotted 615 equity shares, Tara Rajagopal and Devaraj (HUF) were each allotted 308 equity shares and Bhagya Lakshmi was allotted 231 equity shares	60,000	6,000,000
March 30, 2006	4,150	100.00	77,500.00	Cash	Preferential allotment	Monsoon India Inflection Fund 2 Limited was allotted	64,150	6,415,000

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
						4,150 equity shares		
April 10, 2006	2,350	100.00	77,500.00	Cash	Preferential allotment	Monsoon India Inflection Fund Limited was allotted 2,350 equity shares	66,500	6,650,000
May 15, 2006	1,300	100.00	77,500.00	Cash	Preferential allotment	Tower Promoters Private Limited was allotted 320 equity shares, Pioneer Investcorp Limited was allotted 265 equity shares, Sweet Solutions Limited and Esquire Private Limited were each allotted 195 equity shares, Positive Securities Private Limited was allotted 130 equity shares and Echjay Industries Private Limited, Siddharth Paid and Pranav Pai were each allotted 65 equity shares	67,800	6,780,000
November 8, 2006	2,100	100.00	77,500.00	Cash	Preferential allotment	Streparava holding s.p.a Italy was allotted 2,100 equity shares	69,900	6,990,000
January 3, 2012	300	100.00	99,930.00	Cash	Preferential allotment	Nissin Manufacturing Co. Limited was allotted 300 equity shares	70,200	7,020,000
The Board of our Company accepted the letters of offer received for a buy back of 5,460 equity shares of face value ₹100 each on April 14, 2012, and our Company completed the buy back of 5,460 equity shares of face value ₹100 each on April 16, 2012 at a price of ₹64,102 per equity share of face value ₹100 each thereby reducing the total number of issued and paid-up equity shares to 64,740 equity shares of face value ₹100 each (1)								
Pursuant to the Board and Shareholders' resolution dated July 27, 2018 and July 28, 2018, respectively, every one equity share of face value ₹100 each was sub-divided into 50 Equity Shares of face value ₹2 each, and accordingly, 64,740 equity shares of face value ₹100 each were sub-divided into 3,237,000 Equity Shares of face value ₹2 each								
July 31, 2018^	43,699,500	2.00	NA	NA	Bonus issue	Karthik Das was allotted 140,400 Equity Shares, Sekhar Vasan was allotted 11,458,800 Equity Shares, Devappa Devaraj was allotted 3,181,275 Equity Shares, Anjana Iyer was allotted 67,500 Equity Shares, Unni Rajagopal K. was allotted 3,181,275 Equity Shares, Fatheraj Singhvi was allotted 3,181,275 Equity Shares, Nissin Manufacturing Co.,	46,936,500	93,873,000

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
						Ltds. was allotted 202,500 Equity Shares, CVCIGP II Employee Ebene Limited was allotted 8,000,775 and Client Ebene Limited was allotted 14,285,700 Equity Shares.		
September 3, 2021	2,845,625	2.00	NA	NA	Conversion of Series A CCPS	Conversion of 192,300 Series A CCPS held by Client Ebene Limited into 2,845,625 Equity Shares	49,782,125	99,564,250
September 3, 2021	1,594,275	2.00	NA	NA	Conversion of Series A CCPS	Conversion of 107,700 Series A CCPS held by CVCIGP II Employee Ebene Limited into 1,594,275 Equity Shares	51,376,400	102,752,800
September 3, 2021	725	2.00	NA	NA	Conversion of Series B CCPS	Conversion of 480,750 Series B CCPS held by Client Ebene Limited into 725 Equity Shares	51,377,125	102,754,250
September 3, 2021	725	2.00	NA	NA	Conversion of Series B CCPS	Conversion of 269,250 Series B CCPS held by CVCIGP II Employee Ebene Limited into 725 Equity Shares	51,377,850	102,755,700
November 17, 2021	145,000	2.00	0.14	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	51,522,850	103,045,700
November 17, 2021	527,840	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,050,690	104,101,380
March 29, 2022	30,000	2.00	0.14	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,080,690	104,161,380
March 29, 2022	75,125	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,155,815	104,311,630
May 23, 2022	225,000	2.00	0.14	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,380,815	104,761,630
May 23, 2022	247,325	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,628,140	105,256,280
September 28, 2022	200,000	2.00	0.14	Cash	Allotment under ESOP Plan	Eligible employees who have exercised	52,828,140	105,656,28

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					2015	vested options under the ESOP Plan 2015		0
September 28, 2022	73,275	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,901,415	105,802,830
February 28, 2023	28,125	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	52,929,540	105,859,080
June 8, 2023	269,475	2.00	0.14	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,199,015	106,398,030
June 8, 2023	127,647	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,326,662	106,653,324
December 13, 2023	181,000	2.00	0.14	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,507,662	107,015,324
December 13, 2023	78,138	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,585,800	107,171,600
March 28, 2024	29,350	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,615,150	107,230,300
June 22, 2024	123,300	2.00	0.14	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,738,450	107,476,900
June 22, 2024	150,075	2.00	135.20	Cash	Allotment under ESOP Plan 2015	Eligible employees who have exercised vested options under the ESOP Plan 2015	53,888,525	107,777,050
June 27, 2024	109,799	2.00	744.00	Cash	Allotment under ESOP Plan 2018	Eligible employees who have exercised vested options under the ESOP Plan 2018	53,998,324	107,996,648
Total							**53,998,324**	**107,996,648**

** The Form 2 filed with RoC in relation to the allotment of 970 equity shares is untraceable. For further details, see "Risk Factors – Our Company was incorporated in 1981 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation." on page 77.*

^ The shareholders resolution approving the bonus issue of Equity Shares was passed on July 28, 2018, and subsequently, the allotment of Equity Shares was made on July 31, 2018.

Notes:

(1) *Bought back 3,237 equity shares of face value ₹100 each from Monsoon India Inflection Fund 2 Limited, 1,833 equity shares of face value ₹100 each from Monsoon India Inflection Fund Limited, 195 equity shares of face value ₹100 each from Esquire Private Limited and 195 equity shares of face value ₹100 each from IL&FS Trust Company Limited.*

Preference shares

The history of the preference share capital of our Company is set forth below:

A. **Series A CCPS**

Date of allotment	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of preference shares	Cumulative paid-up preference share capital (₹)
July 8, 2013	300,000	100.00	2,666.67	Cash	Preferential allotment	Client Ebene Limited was allotted 192,300 Series A CCPS and CVCIGP II Employee Ebene Limited was allotted 107,700 Series A CCPS	300,000	30,000,000
September 3, 2021	(300,000)	100.00	NA	NA	NA	Conversion of 192,300 Series A CCPS held by Client Ebene Limited into 2,845,625 Equity Shares and Conversion of 107,700 Series A CCPS held by CVCIGP II Employee Ebene Limited into 1,594,275 Equity Shares	-	-

B. **Series B CCPS**

Date of allotment	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of preference shares	Cumulative paid-up preference share capital (₹)
July 8, 2013	750,000	100.00	100.00	Cash	Preferential allotment	Client Ebene Limited was allotted 480,750 Series B CCPS and CVCIGP II Employee Ebene Limited was allotted 269,250 Series B CCPS	750,000	75,000,000
September 3, 2021	(750,000)	100.00	NA	NA	NA	Conversion of 480,750 Series B CCPS held by Client Ebene Limited into 725 Equity Shares and 269,250 Series B CCPS held by CVCIGP II Employee Ebene Limited into 725 Equity Shares	-	-

As on the date of this Preliminary Placement Document, our Company does not have any outstanding preference share capital.

Employee stock option plan

Our Company has pursuant to a resolution passed by our Board dated March 12, 2015 and resolution passed by our Shareholders dated April 13, 2015 has adopted the "Sansera Employee Stock Option Plan, 2015" ("**ESOP Plan 2015**"), purports to grant options to acquire Equity Shares to eligible employees (as defined in ESOP Plan 2015) including any employee of our Company or our Subsidiaries as designated by our Company, who is exclusively working in India or outside India but does not include an employee who is a promoter or a person belonging to the promoter group; and directors of our Company or our Subsidiaries, whether a whole time director or nor, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director and such directors who, either by himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of our Company. Our Company has amended the ESOP Plan 2015 pursuant to the amendments to the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, vide resolutions passed by our Board and Shareholders dated August 22, 2021 and August 31, 2021. The aggregate number of Equity Shares underlying an option that may be granted under the ESOP Plan 2015 will not exceed 2,510,675 Equity Shares.

Particulars	Esop Plan 2015
Options granted (A)	2,510,675*
Options vested	2,510,675
Options exercised (B)	2,510,675
Options forfeited/lapsed (C)	-
Money realized by exercise of options (in ₹ million)	180.91
Total number of options outstanding (A - B - C)	-

**Considering the impact of sub-division and bonus shares.*

Our Company has pursuant to a resolution passed by our Board dated August 7, 2018 and resolution passed by our Shareholders dated August 8, 2018 has adopted the "Sansera Employee Stock Option Plan, 2018" ("**ESOP Plan 2018**"), purports to grant options to acquire Equity Shares to eligible employees (as defined in ESOP Plan 2015) including any employee of our Company or our Subsidiaries as designated by our Company, who is exclusively working in India or outside India but does not include an employee who is a promoter or a person belonging to the promoter group; and directors of our Company or our Subsidiaries, whether a whole time director or nor, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director and such directors who, either by himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of our Company. Our Company has amended the ESOP Plan 2018 pursuant to the amendments to the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, vide resolutions passed by our Board and Shareholders dated August 22, 2021 and August 31, 2021. The aggregate number of Equity Shares underlying an option that may be granted under the ESOP Plan 2018 will not exceed such number of Equity Shares which represent 2.50% of the outstanding equity share capital on a fully diluted basis as on the August 8, 2018.

Particulars	Esop Plan 2018
Options granted (A)	863,327
Options vested	594,661
Options exercised (B)	109,799
Options forfeited/lapsed (C)	21,691
Money realized by exercise of options (in ₹ million)	81.69
Total number of options outstanding (A - B - C)	731,837

Pre-Issue and post-Issue shareholding pattern of the Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on September 30, 2024, is set forth below:

S. No.	Category	Pre-Issue (as on September 30, 2024)		Post-Issue(1)(2)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoters' holding (3)					
1.	Indian				
	- Individuals	18,067,003	33.46	[●]	[●]
	- Body Corporates	712,175	1.32	[●]	[●]
	Sub-total (A)	18,779,178	34.78	**[●]**	**[●]**
B. Non-Promoter Holding					
1.	Institutional Investors (Domestic)				
	- Mutual Funds	12,226,680	22.64	[●]	[●]
	- Alternate Investment Funds	1,582,652	2.93	[●]	[●]
	- Insurance Companies & NBFCs registered with RBI	3,738,786	6.93	[●]	[●]
	Sub-total	**17,548,118**	**32.50**	[●]	[●]
2.	Institutional Investors (Foreign)				
	FPI Category I	10,231,803	18.95	[●]	[●]
	FPI Category II	302,714	0.56	[●]	[●]
	Sub-total	**10,534,517**	**19.51**	[●]	[●]
3.	Central Government / President of India	33,658	0.06	[●]	[●]
4.	Non-Institutional Investors				
	- Bodies Corporate	779,648	1.44	[●]	[●]
	- Key Managerial Personnel	263,802	0.49	[●]	[●]
	- Indian public	5,267,933	9.76	[●]	[●]
	- Non Resident Indians (NRIs)	302,462	0.56		
	- Foreign companies	217,500	0.40		
	- Others	271,508	0.5	[●]	[●]
	Sub-total	**7,102,853**	**13.15**	[●]	[●]
5.	Non Promoter Non-Public	-	-	[●]	[●]
	Sub-total (B)	**35,219,146**	**65.22**	[●]	[●]
	Grand Total (A+B)	**53,998,324**	**100.00**	[●]	[●]

(1) *The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of [●].*

(2) *The post-Issue shareholding pattern has intentionally been left blank and will be filled-in before filing of the Placement Document with the Stock Exchanges.*

(3) *Includes the shareholding of the members forming part of Promoter Group.*

Other confirmations

Except for the options vested under the ESOP Plan 2018, there are no outstanding options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

No change in control in our Company will occur consequent to the Issue.

Except as disclosed in *"– Equity share capital history of our Company"* on page 104, our Company has not made any allotment of Equity Shares in the year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or pursuant to a preferential issue, private placement or a rights issue.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the notice to the Shareholders dated September 3, 2024, for the approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Proposed Allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 376.

DIVIDENDS

The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act, 2013. In addition, declaration and payment of dividends would be subject to our Company's dividend distribution policy, adopted by our Board on November 10, 2021, in terms of Regulation 43A of the SEBI Listing Regulations ("**Dividend Distribution Policy**"). The dividend, if any, will depend on a number of factors, including but not limited to the profitable growth of our Company, the cash flow position of our Company, accumulated reserves, stability of earnings, future cash requirements, brand acquisitions, current and future leverage, deployment of funds in short term marketable instruments, capital expenditures, ratio of debt to equity, business cycles, economic environment, cost of external financing, applicable taxes including corporate tax on dividend, industry outlook for the future years, inflation rate, changes in the government policies, industry specific rulings and regulatory provisions and other factors considered relevant by our Board. We may retain all our future earnings, if any, for use in the operations and expansion of our business. For details in relation to risks involved in this regard, see "*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*" on page 89.

The following table sets forth the dividend (including interim dividend, if any) declared and paid or payable by our Company on the Equity Shares for Fiscals 2024, 2023 and 2022:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Face Value of Equity Share (in ₹)	2.00	2.00	2.00
Total dividend (in ₹ million)	161.99	138.32	105.26
Final dividend per Equity Share (in ₹)	3.00	2.50	2.00

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 358.

For a summary of certain Indian tax consequences of dividend distributions to the Shareholders, please see "*Taxation*" on page 362.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

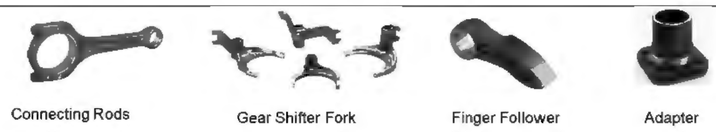
This section contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain *factors, including the considerations described below. For details, see "Forward-Looking Statements" on page 21.*

Industry and market data used in this section have been derived from the CRISIL Report, which was commissioned *by our Company for the purpose of the Issue for an agreed fee. For more details, see "Industry and Market Data" on page 19.*

Overview

Established more than 40 years ago, we are an engineering-led integrated manufacturer of complex and critical precision engineered components across the automotive and non-automotive sectors. We are a global supplier and we sold our products to 88 customers in 26 countries, including India, in Fiscal 2024. We supply most of our products directly to original equipment manufacturers ("**OEMs**") in finished (forged and machined) condition, resulting in significant value addition by us. Within the automotive sector, we manufacture and supply a range of precision forged and machined components and assemblies for internal combustion engine ("**ICE**") two-wheelers ("**2Ws**"), passenger vehicles and commercial vehicles (which we define as "**Auto – ICE**") and electric/hybrid 2Ws, passenger vehicles and commercial vehicles (which we define as "**xEV**"), including components that can be used in ICE vehicles and xEV (which define as "**Auto – Tech Agnostic**"). Keeping in view the emerging opportunities in light-weighting in the automotive sector, we diversified into aluminium forging based precision components in Fiscal 2022. While we continue to grow from our strong position in Auto-ICE, we are constantly adding new products for xEV, Auto-Tech Agnostic and the non-automotive sector. Within the non-automotive sector, we manufacture and supply a range of precision components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines. We were the 10th ranked global supplier of connecting rods within the light vehicle segment (passenger vehicles with gross vehicle weight of 3.5 tonnes or less, "**Light Vehicle**") in terms of production volume (units) for CY 2023 and the 8th ranked global supplier of connecting rods within the commercial vehicle ("**CV**") segment in terms of production volume (units) for CY 2023 (*source: the CRISIL Report*). We were the largest supplier in terms of production volume (units) in Fiscal 2024 of (i) connecting rods, rocker arms and gear shifter forks for two-wheeler OEMs in India and (ii) connecting rods and rocker arms for passenger vehicle OEMs in India (*source: the CRISIL Report*).

The table below summarises our product portfolio for the automotive sector.

Automotive Sector		
Segment	**Type of Vehicle**	**Products**
Auto – ICE	2Ws	
	Passenger vehicles	

	Commercial vehicles	 Fractured Conrod, Breaking Crankshaft, Gear Shifter Fork, Guide Bush
Auto - Tech Agnostic	2Ws / electric 2 wheelers (“**e-2W**”)	 Stem Comp Bracket, Foot Lever, Starter Gear Bracket, Foot Rest, Flange
	Passenger vehicles / hybrid vehicles/ battery-EVs	 Differential Lock Hook, Steering Parts, Hub
	Commercial vehicles	 Differential Lock Hook, Tilt Cabin Bush
xEV	2Ws	 Drivetrain Parts, Rotor Parts
	Passenger vehicles	 Pinion Differential Drive, Drive Train rotor Shaft, Balance Ring, Timing sprocket
	Commercial vehicles	 Rear Spring Bracket, Hub

The table below summarises our product portfolio for the non-automotive sector.

Non-Automotive Sector	
Industry/product	**Products**
Aerospace and defence	 Tailing Edges, Door Kit, Aero structure Parts, Cargo Door
Off-road vehicles	 Connecting Rods, Shackle, Mounting Bracket, Engine Mounting Bracket, Adapter Hub
Agriculture	 Connecting Rod, Common Rail, Pump Barrel
Industrial and marine engines	 Crankshaft, Rocker Arm, Connecting Rod, Crankshaft

The tables below give a breakdown of our revenue from sale of products for the periods and fiscal years indicated.

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Auto - ICE [A]	5,032.44	71.85%	4,695.70	76.14%
Auto - Tech Agnostic & xEV [B]	1,132.57	16.17%	750.33	12.17%
Automotive sector [C = A + B]	***6,165.01***	***88.02%***	***5,446.03***	***88.30%***
Non-automotive sector [D]	838.88	11.98%	721.36	11.70%
Revenue from sale of products [E = C +D]	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Automotive - ICE [A]	19,884.22	75.43%	16,894.52	77.71%	15,474.82	83.39%
Auto - Tech Agnostic & xEV [B]	3,237.52	12.28%	2,259.81	10.39%	1,124.69	6.06%
Automotive sector [C = A + B]	***23,121.74***	***87.71%***	***19,154.33***	***88.11%***	***16,599.51***	***89.45%***
Non-automotive sector [D]	3,239.49	12.29%	2,585.09	11.89%	1,958.34	10.55%
Revenue from sale of products [E = C +D]	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

The following tables set out our revenue from sale of products by geographical spread for the periods and fiscal years indicated:

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
India [A]	4,732.07	67.56%	4,218.03	68.39%
Europe [B]	1,371.67	19.58%	1,202.55	19.49%
USA [C]	707.79	10.11%	556.91	9.03%
Other foreign countries [D]	192.36	2.75%	189.90	3.08%
Revenue from foreign countries [E = B + C +D]	***2,271.82***	***32.44%***	***1,949.36***	***31.61%***
Revenue from Sale of Products [F = A+E	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
India [A]	18,099.05	68.66%	15,563.78	71.59%	11,682.89	62.95%
Europe [B]	4,854.46	18.41%	3,826.04	17.61%	4,428.14	23.86%
USA [C]	2,603.52	9.88%	1,566.36	7.19%	1,724.91	9.29%
Other foreign countries [D]	804.20	3.05%	783.24	3.60%	721.91	3.89%
Revenue from foreign countries [E = B + C +D]	***8,262.18***	***31.34%***	***6,175.64***	***28.41%***	***6,874.96***	***37.05%***
Revenue from Sale of Products [F =	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
A+E						

We are a technology-driven company with a focus on design, engineering, machine building and automation capabilities. These capabilities enable us to roll out new products in a timely manner and develop higher strength components required for high-end performance and graduate from manufacturing individual parts to the designing and manufacturing of sub-assemblies, thereby moving us up the value chain. We possess machine building capabilities. Computer numerical control ("**CNC**") special purpose machines that we have built are deployed across our 17 integrated manufacturing facilities. Most of the machines we build are modular by design and can be refurbished for other applications in case of a reduction in demand or a phasing out of the product for which the machine was originally built, thereby reducing our capital expenditure requirements and de-risking our business model. Our automation division, which works concurrently with our machine design and machine building divisions, has implemented multiple automation projects intended to increase our productivity and control labour costs. As at August 31, 2024, a team of 557 personnel supported our design, engineering, machine building, automation and technical support functions.

We believe our engineering capabilities, evolved over decades, have enabled us to consistently offer quality, complex, precision components and assemblies, allowing us to diversify our business beyond the Auto – ICE segment into various other segments, including xEV, aerospace, defence, off-road vehicles, and agriculture. We are constantly adding new products to our portfolio with a wide range of engineering solutions tailored to meet the needs of various industries. Since April 1, 2021, we have developed (i) chassis, suspension and drive train components for electric two-wheelers (ii) braking system components for passenger vehicles and commercial vehicles, (iii) machined engine casings for aerospace, (iv) components for stationary engines, and (v) chassis, seating and drivetrain components for electric and hybrid passenger vehicles. We also have an active pipeline of products under development. The tables below set forth the number of our product families sold in the periods and Fiscals indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of product families sold	78	79

Note:
(1)Number of product families sold for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the product families sold for Fiscals 2024, 2023 and 2022.

Particulars	Year ended March 31,		
	2024	2023	2022
Number of product families sold	84	78	70

Within India, our customers include nine out of the top 10 two-wheeler OEMs based on production volume for Fiscal 2024 (*source: the CRISIL Report*), four passenger vehicle OEMs, including a leading passenger vehicle OEM, and nine xEV OEMs. Globally, our customers include six out of top 10 global Light Vehicle OEMs, three out of the top 10 global MHCV OEMs and three out of the top 10 global EV OEMs based on production volumes for CY 2023 (*source: the CRISIL Report*). The tables below set forth the number of our customers for the periods and Fiscals indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of customers	77	73

Note:
(1)Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022.

Particulars	Year ended March 31,		
	2024	2023	2022
Number of customers	88	90	79

Our OEM customers typically have stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers. These procedures include review of the manufacturer's expertise, available manufacturing facilities, processes, financial capabilities and logistical capabilities. Owing to the critical applications of our products and the stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers, we believe it is difficult for new players to become qualified or replace us in supplying the precision components we provide. This is corroborated by our status as a single source supplier in certain product categories for some of our key customers and by the fact that we have relationships spanning more than 20 years with 39.74% of our customer base for Fiscal 2024 and 10-20 years with 28.71% of our customer base for Fiscal 2024. In the two-wheeler vertical, we have relationships spanning 24 years with Honda Motorcycle & Scooter India Pvt Ltd, 28 fiscal years with Bajaj Auto Limited and 27 years with India Yamaha Motor Pvt Ltd, the second, fourth and fifth largest two-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2024, respectively (*source: the CRISIL Report*). In the passenger vehicle vertical, we have relationships spanning 37 years with a leading Indian passenger vehicle OEM, over 13 years with a leading European passenger vehicle OEM and over 13 years with one of the leading North American passenger vehicle OEMs.

We have 17 integrated manufacturing facilities, of which 16 are in India in the states of Karnataka (Bengaluru – nine facilities, Bidadi – one facility and Tumkur – two facilities), Haryana (Manesar – one facility), Maharashtra (Chakan – one facility), Uttarakhand (Pantnagar – one facility) and Gujarat (Mehsana – one facility), and one facility is in Trollhättan, Sweden. Our manufacturing operations are (i) integrated across the product cycle with the entire manufacturing process (encompassing forging, heat treatment, precision machining, other specialized processing, assembly, testing and quality control) being carried out in-house and (ii) coordinated through concurrent design and engineering, machine building and automation divisions. This enables us to keep the core competencies required for our business within our Group, streamline our production processes, achieve shorter product development and delivery times, exercise greater control over key inputs and processes, reduce inventories and manage capital expenditure.

For further details of our business, see "*Our Business*" on page 263.

Significant Factors Affecting our Results of Operations and Financial Condition

Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. The following is a discussion of certain factors that have had, and will continue to have, a significant effect on our financial condition and results of operations.

Market and Economic Conditions

We derive a significant portion of our revenue from sales of complex and high-quality precision engineered components for the automotive and non-automotive sectors, primarily supplying to OEMs in India and internationally. The level of demand for precision forged and machined components depends primarily on conditions in the automotive and non-automotive sectors in our target markets, which, in turn, depend to a large extent on general economic conditions in these markets. General economic factors can affect demand in the automotive and the non-automotive sectors that we supply to, and therefore can affect demand for our products, including, among others:

- global oil prices, which impact the demand for automotive and non-automotive components;
- global and local economic or fiscal instability;
- global and local political and regulatory measures and developments, such as tax incentives or other subsidies, environmental policies, the phasing out of older vehicles or other developing trends, such as the move towards electrification and emissions reduction;
- global and local fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by customers to borrow money, including for automotive purchases), foreign exchange rates and inflation rates;
- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region;
- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates

of the population in that market; and

- economic development, shifting of wealth in India, in particular growth in the middle class, and change in customer preferences in favour of more fuel efficient and environmentally friendly vehicles.

Stronger economic indicators tend to correlate with higher demand for automotive and non-automotive components, while weaker economic indicators tend to correlate with lower demand for such components.

The cyclical nature of general economic conditions and, therefore, of the automotive and the non-automotive sectors means that our results of operations can fluctuate substantially from period to period. We expect that these economic factors and conditions in our industry, particularly changes in consumer confidence, employment levels, fuel prices, consumer spending on two-wheelers and passenger vehicles, urbanisation, changes in consumer preferences, government policies and interest rates, will continue to be the most important factors affecting our results of operations. Other factors, such as our competitiveness, quality and pricing, have an effect on our market share and our ability to win customers in competitive situations.

Purchasing Pattern of our Major Customers and Terms of Supply Arrangements

We depend on our major OEM customers for a significant portion of our revenues. Therefore, our ability to manage and sustain customer relationships is critical to our business. We have relationships spanning 10 fiscal years or more with six of our top 10 customers for the period ended June 30, 2024. For more details on our customers, see "*Our Business – Customers"* on page 298.

We have achieved a successful reduction in the dependence on our top five and top 10 customers by putting customer diversification strategies in place, to broaden our customer base and mitigate risks of over-dependency on certain customers to ensure long-term stability and we plan to continue to add new customers. For the three months ended June 30, 2024 and 2023, our top five customers contributed 46.06%, and 47.66%, of our revenue from sale of products, respectively, and our top 10 customers contributed 65.62% and 68.93% of our revenue from sale of products, respectively, For Fiscals 2024, 2023 and 2022, our top five customers contributed 47.26%, 50.79% and 53.87% of our revenue from sale of products, respectively, and our top 10 customers contributed 67.91%, 70.99% and 71.72% of our revenue from sale of products, respectively. For more details, see "*Risk Factors – Our business is dependent on the sale of our products to certain key customers. The loss of any of these customers or loss of revenue from sales to these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 56.

The demand from our top customers has a very large influence on our revenue from sale of products and results of operations, and our sales are directly affected by the production and inventory levels of our customers. New investments or increased sales by our customers tend to increase our revenue from sale of products and results of operations, while a slow-down in demand for our customers' products tends to have an adverse effect on our revenue from sale of products and results of operations. We expect successful new model launches by these customers to likely increase our revenue from sale of products and results of operations. Accordingly, our operations have generally grown with our customers' businesses over time. Our customers, in turn, are dependent on general trends in the automotive and non-automotive industries. See "*– Market and Economic Conditions*" above. Foreign exchange rate fluctuations may also subdue exports for some of our customers, thereby affecting the volumes that we supply. For more details, see "*Risk Factors – We are exposed to risks associated with foreign exchange rate fluctuations*" on page 66.

Our sales to customers also depend largely on the number and type of products that we supply to them and our ability to increase our overall share of customers' purchases. It is difficult for us to predict with certainty when our customers will decide to increase or decrease inventory levels or levels of production, which strategic direction they will pursue, when they might launch new models or open new facilities, or whether future inventory levels will be consistent with historical levels.

Moreover, the long lead times for automobile models and the related programmes for the development and manufacture of these products make it difficult to predict the exact timing and exact levels of sales that we will derive from these arrangements. Any increases or decreases in the levels of inventory and activity by our customers, in turn, are likely to have a positive or negative effect on our revenues and our results of operations.

We do not generally have firm commitment supply agreements with most of our customers and instead rely on purchase orders that set out the volume and other terms of our sales of products. Most of our customers provide us with forecasts of order volumes, generally for the immediate month and with a tentative delivery schedule for the following month, that help us predict our production volumes for that particular product. Our actual production volumes may differ from our estimates due to variations in customer demand for the related vehicles. When actual production volumes differ significantly from our estimates, we generally seek to make up any shortfalls through new orders, either with existing or with new customers, which may or may not materialise or materialise with a time lag. For further details, see "*Our Business – Sales and Marketing – Customer Agreements*" and "*Risk Factors – We do not have firm commitment long-term supply agreements with our customers. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business and results of operations*" on pages 300 and 55, respectively.

Introduction of New Product Families, Acquisition of New Customers and Increases in Revenue from Sale of Products Outside of the Auto – ICE Segment

We believe our engineering capabilities, evolved over decades, have enabled us to consistently offer quality, complex, precision components and assemblies, allowing us to diversify our business beyond the Auto – ICE segment into various other segments, including xEV, aerospace, defence, off-road and agriculture. We are constantly expanding our portfolio with a wide range of engineering solutions tailored to meet the needs of various industries.

Since April 1, 2021, we have developed (i) chassis, suspension and drive train components for electric two-wheelers (ii) braking system components for passenger vehicles and commercial vehicles, (iii) machined engine casings for aerospace, (iv) components for stationary engines, and (v) chassis, seating and drivetrain components for electric and hybrid passenger vehicles.

The tables below set forth the number of our product families sold in the periods and Fiscals indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of product families sold	78	79

Note: Number of product families sold for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the product families sold for Fiscals 2024, 2023 and 2022.

Particulars	Year ended March 31,		
	2024	2023	2022
Number of product families sold	84	78	70

The table below sets forth the revenue from our key product families developed since April 1, 2021 and such revenue as a percentage of our total revenue from sale of products for the respective periods and years indicated.

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Collar	70.57	1.01%	0.03	0.00%
Hydraulic Head	18.95	0.27%	17.31	0.28%
Hook	150.12	2.14%	2.52	0.04%
Ring Retainer	48.47	0.69%	10.54	0.17%
Torque Link	0.00	0.00%	38.27	0.62%
Others	63.11	0.90%	89.11	1.44%
Total products developed since April 1, 2021	**351.22**	**5.01%**	**157.78**	**2.56%**
Revenue from sale of products	7,003.89	100.00%	6,167.39	100.00%

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Collar	77.70	0.29%	0.99	0.00%	0.06	0.00%
Hydraulic Head	66.05	0.25%	31.06	0.14%	0.99	0.01%
Hook	107.93	0.41%	4.80	0.02%	0.25	0.00%
Ring Retainer	74.79	0.28%	0.04	0.00%	0.02	0.00%
Torque Link	53.83	0.20%	80.70	0.37%	18.21	0.10%
Others	217.18	0.82%	187.38	0.86%	58.80	0.32%
Total products developed since April 1, 2021	**597.48**	**2.27%**	**304.97**	**1.40%**	**39.27**	**0.21%**
Revenue from sale of products	26,361.23	100.00%	21,739.42	100.00%	18,557.85	100.00%

We also have an active pipeline of products under development. For details, see "*Our Business*" on page 263.

Our varied product offerings and continuous product development efforts have enabled us to attract new customers. We have a diverse customer base in 26 countries, including India and a consistent track record of adding to our total numbers of customers. The tables below set forth the number of our customers for the periods and Fiscals indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of customers	77	73

Note: Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022.

Particulars	Year ended March 31,		
	2024	2023	2022
Number of customers	88	90	79

Primarily as a result of the above, our revenue from sale of products for Auto Tech-Agnostic and xEV increased from ₹1,124.69 million in Fiscal 2022 to ₹3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹750.33 million in the three months ended June 30, 2023 to ₹1,132.57 million in the three months ended June 30, 2024, an increase of 50.94%, and our revenue from sale of products for the non-automotive sector increased from ₹1,958.34 million in Fiscal 2022 to ₹3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹721.36 million in the three months ended June 30, 2023 to ₹828.88 million in the three months ended June 30, 2024, an increase of 16.29%. For tables setting forth our revenue from sale of products by end use segment for the three months ended June 30, 2024, and 2023, and Fiscals 2024, 2023, and 2022, see "*Our Business – Overview*" on page 263.

Our strategic objective is to generate over 40% of our revenue from Auto-Tech Agnostic, xEV, and non-automotive sectors. We aim to expand our portfolio of Auto-Tech Agnostic components, which can be used across ICE, electric, and hybrid vehicles. Additionally, we are pursuing opportunities in non-automotive sectors, leveraging our capabilities in producing precision-engineered components to diversify our revenue streams and drive growth.

Cost of Materials

Cost of materials comprises (i) cost of materials consumed, (ii) changes in inventory of finished goods and work-in-progress, and (iii) conversion charges ("**Cost of Materials**"), constitute the most significant portion of our expenses. The table below sets forth our Cost of Goods Manufactured for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022 and such expenses as a percentage of our revenue from operations for the respective periods and fiscal years indicated.

Particulars	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
	(₹ in million, except percentages)				
Cost of materials consumed [A]	3,318.37	3,083.76	12,505.73	10,863.04	8,871.08

Particulars	Three months ended June 30, 2024	2023	Year ended March 31, 2024	2023	2022
	(₹ in million, except percentages)				
Changes in inventory of finished goods and work-in-progress [B]	(276.48)	(189.51)	(330.33)	(688.46)	(230.08)
Conversion charges [C]	307.62	222.44	1,024.28	803.90	650.14
Cost of Materials [D = A + B + C]	**3,349.51**	**3,116.69**	**13,199.68**	**10,978.48**	**9,291.14**
Cost of Materials as a percentage of revenue from operations [E = D/F] (%)	**45.02%**	**47.22%**	**46.95%**	**46.80%**	**46.71%**
Revenue from operations [F]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

Cost of materials consumed primarily consists of (i) the cost of raw materials that we consume in the manufacture of our products (our primary raw materials include alloy steel round bars and non-ferrous alloys, such as aluminium and titanium); and (ii) the cost of assembled components, such as roller bearings, screws, crank pins, bolts, bushes, and sintered tips.

Prices for raw materials can be volatile and depend on commodity prices in the markets, which in turn depend on changes in global economic conditions, industry cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors. In addition to market fluctuations, our raw material prices can be affected by contractual arrangements and hedging strategies, if any. While we enter into general purchase agreements with our suppliers, we do not enter into any firm commitment for long-term contracts. See "*Risk Factors – We depend on third parties with whom we do not have long-term supply contracts for the supply of raw materials. A loss of suppliers or interruptions in the delivery of raw materials or volatility in the prices of raw materials on which we rely may have a material adverse effect on our business and results of operations*" on page 69.

While in practice we have passed the increase in the cost of raw materials on to our domestic customers, our cash flows may still be adversely affected due to any gap in time between the date of procurement of those raw materials and the date on which we can reset the component prices for our customers so as to account for the increase in the prices of such raw materials. In addition, we may not be able to pass all of our raw material price increases on to our customers. Our ability to adjust pricing terms with customers varies based on our specific customer relationships, market practice with respect to the particular raw material or component and other factors such as raw material content and whether medium-term price fluctuations have been factored into our component prices at the time of price finalisation. As a result, for some of our export customers, we may in some instances bear the risk of price increases that occur. Further, an increase in raw material prices may result in increased prices for our customers' products, which may in turn result in decreased demand for their products and, consequently, decreased demand for the components that we supply for their products.

Employee Benefit Expenses

Employee benefit expenses comprise our second largest expense after cost of material consumed. We seek to reduce our employee benefit expenses as a percentage of our revenue from operations by improving our operational efficiency. As a material portion of our overall manpower is located in India, rising wages in India as well as any change in applicable labour laws, would increase our costs.

The table below sets forth our employee benefit expenses for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022 and as a percentage of our revenue from operations for the respective periods and fiscal years indicated.

Particulars	Three months ended June 30, 2024	2023	Year ended March 31, 2024	2023	2022
	(₹ in million, except percentages)				
Employee benefit expenses [A]	1,068.20	910.12	3,797.82	3,179.61	2,773.58
Employee benefit expenses as a percentage of revenue from operations [B = A/C] (%)	**14.36%**	**13.79%**	**13.51%**	**13.55%**	**13.94%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

Operating Costs and Efficiencies

Given the nature of our business, operating costs and efficiencies are critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes. For details of our capacity utilisation for the three months ended June 30, 2024 and 2023, and Fiscals 2024, 2023 and 2022, see "*Our Business – Installed Capacity and Capacity Utilisation by Product Family*" on page 287.

In addition, we face pressure from our customers to reduce prices, and in order to maintain our profitability, we must be able to reduce our operating expenses. Our operations are integrated across the product cycle and coordinated through concurrent engineering and design, machine building and automation. This vertical integration of our operations has enabled us to streamline our production processes, achieve shorter development and delivery times, exercise greater control over key inputs and processes, enhance quality control and increase supply security. We continually undertake efforts to reduce our costs, such as negotiating volume discounts, outsourcing non-critical processes, reducing energy usage and rationalising our labour. Our ability to reduce our operating costs in line with customer demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control.

We also incur certain costs in order to ensure that the products that we supply to our customers are of high quality and free of defects. Such costs relate to matters such as capital expenditure, testing and validation, systems deployment and rejection and re-working of products. Quality control is critical to our operations and a failure to prevent the passing down of defects to our customers may lead to significant financial penalties.

Exchange Rates

Although our Company's reporting currency is in Indian Rupees, we transact a significant portion of our business in several other currencies. Certain portions of our income and expenses are generated or incurred in other currencies and certain portions of our assets (trade receivables and cash and cash equivalents) and liabilities (trade payables and borrowings) are in other currencies, such as the USD, SEK and Euro.

Our subsidiary, Sansera Sweden, primarily undertakes its operations in Euro and SEK and reports its financial results in SEK. Our subsidiary, Sansera Mauritius, which is the holding company for Sansera Sweden, reports its financial results in Euro, which are then translated to Indian Rupees for the purpose of consolidation.

We consolidate our offshore assets and liabilities on our balance sheet based on the period/year-end closing exchange rate, and we consolidate our offshore operations in our profit and loss statement on the basis of the average exchange rate for the period/year. Hence, the carrying value of our offshore assets on our balance sheet as well as the value of our revenue and expenses from our offshore operations on our profit and loss statement depend significantly on the underlying SEK-to-Euro, Rupee-to-SEK and Rupee-to-Euro exchange rate movements.

In the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, our revenue from contracts with customers from customers based outside of India (comprising Europe, USA and other foreign countries) was ₹2,280.58 million, ₹1,986.56 million, ₹8,424.55 million, ₹6,304.45 million and ₹7,339.94 million, respectively, which represented 30.86%, 30.32%, 30.18%, 27.05% and 38.93% of our revenue from contracts with customers, respectively. For tables setting forth our revenue from contracts with customers by geographical spread for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, see "*Our Business – Overview*" on page 263.

The exchange rates between the Indian Rupee and the currencies in which we receive payments for such exports, primarily the USD and Euro, have fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. Due to our inherent net foreign currency long position, depreciation of the Indian Rupee against foreign currencies will generally have a positive effect on our reported revenues and results of operations and the appreciation of the Indian Rupee against foreign currencies will generally have a negative effect on our reported revenues and results of operations. However, the positive effect on depreciation of the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables affecting our results of operations during the same period. Moreover, we expect that our cost of imported raw materials, imported stores and spares, overseas professional costs, freight and other expenses incurred by us may rise during a sustained depreciation of the Indian Rupee against the USD or Euro.

Our exchange rate risk primarily arises from (i) currency mismatches between our income and our expenditure, which we seek to mitigate by matching income currency to expenditure currency to the extent possible and through forward contracts; (ii) our foreign currency borrowings, in respect of which we selectively hedge currency exchange rate risk; and (iii) currency translations for the purpose of preparing our consolidated financial statements on account of our operations in Sweden.

We hedge a significant portion of our net foreign exchange exposure through forward contracts and foreign currency borrowings. We are exposed to foreign currency risk on the unhedged exposure of foreign currency borrowings as well as translation of receivables, bank balances, trade payables and borrowings. The table below sets forth our total foreign currency receivables, total cash and cash equivalents in foreign currency, total foreign currency payables, and total value of our outstanding forward exchange contracts against receivables and borrowings in foreign currencies as at the dates indicated.

Particulars	As at June 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
	(₹ in million)			
Total foreign currency receivables	2,506.73	2,473.27	1,959.12	2,423.07
Total cash and cash equivalents in foreign currency	226.49	179.99	337.63	101.39
Total foreign currency payables	214.80	277.40	390.63	252.46
Total value of our outstanding forward exchange contracts against receivables	1,468.19	1,401.78	1,756.72	1,219.25
Borrowings in foreign currencies	–	–	–	704.11

The table below sets forth our net foreign exchange gain/(loss) and such gain/(loss) as a percentage of our revenue from operations for the respective periods and fiscal years indicated.

Particulars	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
	(₹ in million, except percentages)				
Net foreign exchange gains / (losses) [A]	(11.55)	(8.34)	(4.93)	74.33	49.07
Net foreign exchange gains/(losses) as a percentage of revenue from operations [B = A/C] (%)	**(0.16)%**	**(0.13)%**	**(0.02)%**	**0.32%**	**0.25%**
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

For additional quantitative disclosures on foreign currency risk as at March 31, 2024, see "*Financial Information-Fiscal 2024 Audited Consolidated Financial Statements – Note 43 – Financial Risk Management – (vi) Foreign currency risk*" on page F – 79.

Funding Mix and Finance Costs

We rely primarily on internal cash generated from our operations and third-party debt to fund our working capital and capital expenditure requirements. Interest expenses on our borrowings have historically formed a material part of our expenses. Most of our borrowings bear interest at floating rates, and to the extent that interest rates decrease over time, this decreases our finance costs (assuming constant levels of borrowings). Conversely, rising interest rates result in increasing finance costs, unless we reduce the overall level of our borrowings.

The table below sets forth our finance costs and such expenses as a percentage of our revenue from operations for the respective periods and fiscal years indicated.

Particulars	Three months ended June 30,		Year ended March 31,		
	2024	2023	2024	2023	2022
	(₹ in million, except percentages)				
Finance costs [A]	192.62	189.26	770.06	615.10	510.13
Finance costs as a percentage of	**2.59%**	**2.87%**	**2.74%**	**2.62%**	**2.56%**

Particulars	Three months ended June 30, 2024	2023	Year ended March 31, 2024	2023	2022
	(₹ in million, except percentages)				
revenue from operations [B = A/C] (%)					
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

Innovation and R&D

To increase our market share, especially in the growing EV market and maintain our margins, we plan to continue to invest in process development capabilities to develop technologically advanced automotive components designed to assist our customers in meeting the market demands for power density, higher torque, light weighting, durability, quality and economical cost. We believe that our growth from medium to long term will significantly depend on the effectiveness of our investments to design and introduce innovative new products and enhance existing products, in particular develop and manufacture innovative systems and components for the EV market.

The table below sets forth our engineering expenditure for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022 and such expenditure as a percentage of our revenue from operations for the respective periods and fiscal years.

Particulars	Three months ended June 30, 2024	2023	Year ended March 31, 2024	2023	2022
	(₹ in million, except percentages)				
Engineering expenditure [A]	78.59	64.88	303.45	224.91	173.45
Engineering expenditure as a percentage of revenue from operations [B = A/C] (%)	1.06%	0.98%	1.08%	0.96%	0.87%
Revenue from operations [C]	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32

Although we spend significant amounts on our engineering capabilities, we strive to do so in a cost effective, targeted manner in line with our goal of making new technologies available to our customers and expanding our customer base.

Key Performance Indicators and Certain Non-GAAP Measures

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators. For a table setting forth certain non-GAAP financial measures and key performance indicators, see “*Our Business – Overview*” on page 263.

Reconciliations of Non-GAAP Financial Measures

Gross Profit and Gross Profit Margin

The following table sets forth our Gross Profit and Gross Profit Margin, which are non-GAAP financial measures, for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022.

Particulars	For the three months ended June 30, 2024	2023
	(₹ in million, except percentages)	
Revenue from operations (A)	7,439.33	6,600.66
Cost of materials consumed (B)	3,318.37	3,083.76
Changes in inventory of finished goods and work-in-progress (C)	(276.48)	(189.51)
Conversion charges (D)	307.62	222.44
Consumption of stores and spares (E)	652.16	546.46
Power and fuel (F)	328.27	304.66
Cost of Goods Manufactured (G = B+C+D+E+F)	4,329.94	3,967.81
Gross Profit (H = A-G)	3,109.39	2,632.85

Particulars	For the three months ended June 30,	
	2024	2023
	(₹ in million, except percentages)	
Gross Profit Margin (I = H/A) (%)	**41.80%**	**39.89%**

Particulars	For the year ended March 31,		
	2024	2023	2022
	(₹ in million, except percentages)		
Revenue from operations (A)	28,114.32	23,460.44	19,890.32
Cost of materials consumed (B)	12,505.73	10,863.04	8,871.08
Changes in inventory of finished goods and work-in-progress (C)	(330.33)	(688.46)	(230.08)
Conversion charges (D)	1,024.28	803.9	650.14
Consumption of stores and spares (E)	2,481.38	2,145.09	1,691.54
Power and fuel (F)	1,196.32	1,038.03	913.17
Cost of Goods Manufactured (G = B+C+D+E+F)	16,877.38	14,161.60	11,895.85
Gross Profit (H = A-G)	**11,236.94**	**9,298.84**	**7,994.47**
Gross Profit Margin (I = H/A) (%)	**39.97%**	**39.64%**	**40.19%**

EBIT, EBITDA, EBIT Margin and EBITDA Margin

The following table sets forth our EBIT, EBITDA, EBIT Margin and EBITDA Margin, which are non-GAAP financial measures, for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022.

Particulars	For the three months ended June 30,	
	2024	2023
	(₹ in million, except percentages)	
Profit for the period	501.43	451.70
Add:		
Total tax expenses	184.77	158.13
Finance costs	192.62	189.26
Less: Share of net profit of associates	(0.85)	–
EBIT (A)	**879.67**	**799.09**
Less: Other Income	3.98	4.26
Add: Depreciation and amortisation expense	399.59	348.70
EBITDA (B)	**1,275.28**	**1,143.53**
Revenue from operations (C)	7,439.33	6,600.66
EBIT Margin (A/C) (%)	**11.82%**	**12.11%**
EBITDA Margin (B/C) (%)	**17.14%**	**17.32%**

Particulars	For the year ended March 31,		
	2024	2023	2022
	(₹ in million, except percentages)		
Profit for the year	1,875.49	1,483.42	1,318.89
Add:			
Total tax expenses	687.48	548.90	464.79
Finance costs	770.06	615.10	510.13
Less: Share of net profit of associates	5.06		–
EBIT (A)	**3,327.97**	**2,647.42**	**2,293.81**
Less: Other income	24.26	100.69	154.93
Add: Depreciation and amortisation expense	1,494.80	1,300.80	1,197.03
EBITDA (B)	**4,798.51**	**3,847.53**	**3,335.91**
Revenue from operations (C)	28,114.32	23,460.44	19,890.32
EBIT Margin (A/C) (%)	**11.84%**	**11.28%**	**11.53%**
EBITDA Margin (B/C) (%)	**17.07%**	**16.40%**	**16.77%**

PAT Margin

The following table sets forth our PAT Margin, which is a non-GAAP financial measure, for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022.

Particulars	For the three months ended June 30,	
	2024	2023
	(₹ in million, except percentages)	
Profit for the period (A)	501.43	451.70
Revenue from operations (B)	7,439.33	6,600.66
PAT Margin (A/B) (%)	**6.74%**	**6.84%**

Particulars	For the year ended March 31,		
	2024	2023	2022
	(₹ in million, except percentages)		
Profit for the year (A)	1,875.49	1,483.42	1,318.89
Revenue from operations (B)	28,114.32	23,460.44	19,890.32
PAT Margin (A/B) (%)	**6.67%**	**6.32%**	**6.63%**

Adjusted Net Debt and Adjusted Net Debt to Equity Ratio

The following table sets forth our Adjusted Net Debt and Adjusted Net Debt to Equity Ratio, which are non-GAAP financial measures as at the dates indicated.

Particulars	As at June 30, 2024	As at March 31,		
		2024	2023	2022
	(₹ in million, except ratios)			
Non-current borrowings	3,489.19	2,515.86	2,630.25	2,335.04
Current borrowings	5,696.19	5,495.13	4,490.86	4,116.40
Total borrowings	**9,185.38**	**8,010.99**	**7,121.11**	**6,451.44**
Less:				
Cash and cash equivalents	1,167.80	486.35	495.58	383.44
Bank balances other than cash and cash equivalents	299.37	143.35	120.83	119.84
Adjusted Net Debt (A)	**7,718.21**	**7,381.29**	**6,504.70**	**5,948.16**
Total equity (B)	**14,239.54**	**13,633.20**	**11,819.68**	**10,353.16**
Adjusted Net Debt to Equity Ratio (A/B)	**0.54**	**0.54**	**0.55**	**0.57**

Adjusted RoCE

The following table sets forth our Adjusted RoCE, which are non-GAAP financial measures, for the three months ended June 30, 2024 and Fiscals 2024, 2023 and 2022.

Particulars	As at and for the three months ended June 30, 2024
	(₹ in million, except percentages)
EBIT (A)	879.67
Adjusted Net Debt at the beginning of the period (B)	7,381.29
Total Equity at the beginning of the period (C)	13,633.20
Capital Employed at the beginning of the period (D = B+C)	**21,014.49**
Adjusted Net Debt at the end of the period (E)	7,718.21
Total Equity at the end of the period (F)	14,239.54
Capital Employed at the end of the period (G = E+F)	**21,957.75**
Average Capital Employed [H = (D+G)/2]	**21,486.12**
Adjusted RoCE[1] (A/H) (%)	**4.09%**

Note:
(1) Non-annualised.

Particulars	As at and for the year ended March 31,		
	2024	2023	2022
	(₹ in million, except percentages)		
EBIT (A)	3,327.97	2,647.42	2,293.81
Adjusted Net Debt at the beginning of the year (B)	6,504.71	5,948.16	4,831.14
Total Equity at the beginning of the year (C)	11,819.67	10,353.16	8,887.41
Capital Employed at the beginning of the year (D = B+C)	**18,324.38**	**16,301.32**	**13,718.55**
Adjusted Net Debt at the end of the year (E)	7,381.29	6,504.71	5,948.16
Total Equity at the end of the year (F)	13,633.20	11,819.67	10,353.16
Capital Employed at the end of the year (G = E+F)	**21,014.49**	**18,324.38**	**16,301.32**
Average Capital Employed [H = (D+G)/2]	**19,669.44**	**17,312.85**	**15,009.94**
Adjusted RoCE (A/H) (%)	**16.92%**	**15.29%**	**15.28%**

Reconciliation of Net Debt with Adjusted Net Debt

Particulars - Consolidated balance Sheet Items	Three months ended June 30, 2024	As at and for the year ended March 31,		
		2024	2023	2022
		(₹ in million)		
Non Current Borrowings	3,489.19	2,515.86	2,630.25	2,335.04
Current Borrowings	5,696.19	5,495.13	4,490.86	4,116.40
Lease liability	943.99	895.60	921.13	1,013.14
Accrued interest	12.99	11.93	27.20	9.63
Gross Debt	10,142.36	8,918.52	8,069.44	7,474.21
Less - Cash & Equivalents	1,167.80	486.35	495.58	383.44
Less - Bank Balance	299.37	143.35	120.83	119.84
Net debt	**8,675.19**	**8,288.82**	**7,453.03**	**6,970.93**
Less: Accrued Interest	12.99	11.93	27.20	9.63
Less: Lease Liability	943.99	895.60	921.13	1,013.14
Adjusted Net Debt	**7,718.21**	**7,381.29**	**6,504.70**	**5,948.16**

Particulars - Consolidated balance Sheet Items	As at and for three months ended June 30, 2024	As at and for the year ended March 31,		
		2024	2023	2022
Total Net Worth	14,239.54	13,633.20	11,819.67	10,353.16
Intangible Assets	386.21	372.87	371.61	376.21
Tangible Net Worth	**13,853.33**	**13,260.33**	**11,448.06**	**9,976.95**
Non Current Borrowings	3,489.19	2,515.86	2,630.25	2,335.04
Current Borrowings	5,696.19	5,495.13	4,490.86	4,116.40
Total Borrowings	**9,185.38**	**8,010.99**	**7,121.11**	**6,451.44**
Deferred Tax Liabilities	**700.06**	**692.42**	**688.60**	**641.93**
Capital Employed	**23,738.77**	**21,963.74**	**19,257.77**	**17,070.32**
Less - Cash & Equivalents	1,167.80	486.35	495.58	383.44
Less - Bank Balance	299.37	143.35	120.83	119.84
Add - Intangible Assets	386.21	372.87	371.61	376.21
Less - Deferred Tax Liabilities	700.06	692.42	688.60	641.93
Less - Capital Work in Progress	893.32	835.00	756.61	352.25
Adjusted Capital Employed	**21,064.43**	**20,179.49**	**17,567.76**	**15,949.07**
Average Adjusted Capital Employed	**20,621.96**	**18,873.63**	**16,758.42**	**14,004.83**

Presentation of Financial Information

Our Material Accounting Policies

The following material accounting policies have been used in the preparation of the Unaudited Condensed Interim Consolidated Financial Statements and the Fiscal 2024 Audited Consolidated Financial Statements.

1. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the "**Act**") and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Principles of consolidation

The consolidated financial statements include the results of the following components:

S. No.	Name of the Entity	Country of incorporation	Nature	Effective group shareholding %
1	Fitwel Tools and Forgings Private Limited	India	Subsidiary	70
2	Sansera Sweden AB	Sweden	Subsidiary	100
3	Sansera Engineering Pvt. Ltd., Mauritius	Mauritius	Subsidiary	100
4	MMRFIC Technology Private Limited	India	Associate	21

c. Basis of consolidation

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

In accordance with Appendix C to Ind AS 103 on Business combinations of entities under common control, the Group accounts for these business combinations using the pooling of interest method as per the guidance provided under Appendix C to Ind AS 103. The consolidated financial statements in respect of prior periods are restated as if the combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of the combination. All the assets and liabilities including have been recorded at their existing carrying amounts.

Subsidiary companies

Subsidiary companies are all entities over which the group has control. The group controls an entity when the group 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gain/loss on transactions between group companies are eliminated. The financial statements are prepared by applying uniform policies in use at the Group.

Non- controlling interests (NCI)

NCI in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. The parent company's portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as on the date of the investment.

Associate company

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Group consolidates the associate under equity method as per Ind AS 28. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets

d. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company, and the presentation currency considered for the Group. The functional currency of the subsidiaries operations in Mauritius is Euro and that of its operations in Sweden is Swedish Krona (SEK).

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e., INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated statement of profit and loss.

All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

e. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Derivative instruments at fair value;
- Net defined benefit (asset)/liability at fair value of plan assets less present value of defined benefit obligations;
- Current investments at fair value through consolidated statement of profit and loss; and
- Share based payment transactions at fair value.

f. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2024, is included in the following notes included in the Fiscal 2024 Audited Consolidated Financial Statements:

- Note 2(a), 2(b), 3.a and 3.c - Depreciation and amortisation method and useful lives of items of property, plant and equipment and intangibles assets;

- Note 3.a and 3.c – Impairment of property, plant and equipment;
- Note 38 – recognition of deferred tax assets;
- Note 32 and 40– measurement of defined benefit obligations: key actuarial assumptions;
- Note 43 – Impairment of financial assets;
- Note 46 – Impairment of goodwill; and
- Note 15, 25 and 43 – Derivative contracts at fair value.

g. Measurement of fair values

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

h. Measurement of fair values (Continued)

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). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

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 Group 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 categorized 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes included in the Fiscal 2024 Audited Consolidated Financial Statements.

- Note 41 – Employee stock options; and

- Note 42 – Financial instruments;

2. MATERIAL ACCOUNTING POLICIES

a. Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

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.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognised as expense in the consolidated statement of profit and loss in the period in which they are incurred.

ii. **Depreciation methods, estimated useful lives and residual values**

Depreciation is provided on a Straight-Line Method ("SLM") over the useful life of property, plant and equipment as prescribed under Part C of Schedule II of the Companies Act, 2013. In case of secondhand assets purchased, the useful life considered is based on the remaining useful life of such asset determined based on technical evaluation and its proposed use. Depreciation for assets purchased/sold during a period is proportionately charged. The useful lives for property, plant and equipment is as follows:

Asset category	Estimated useful life (in years)
Building	30
Plant and machinery	5-25
Furniture and fixtures	10
Vehicles	8
Office equipment	5
Electrical installations	10
Computer (including software)	3-6

Freehold land is not depreciated.

b. Business combination, Goodwill and Intangible assets

Business combinations, other than through common control transactions, are accounted for using the purchase (acquisition) method in accordance with Ind AS 103, Business Combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method. Transaction costs incurred in connection with a business combination are expensed as incurred.

i. Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Any goodwill that arises is tested annually for impairment.

ii. Customer relationships:

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life for customer relationship is expected to be 7 years. The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

iii. Other Intangibles:

Intangible assets purchased are measured at cost less accumulated amortisation and accumulated impairment, if any. Intangible assets are amortised in the consolidated statement of profit and loss over their estimated useful life of 3 years on a straight-line basis.

c. Inventories

i. Inventories are measured at the lower of cost and net realisable value (NRV). Cost comprises purchase price and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows**:**

Raw material, stores and spares:	on weighted average basis
Work in progress:	includes cost of conversion
Finished goods:	includes cost of conversion

ii. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The comparison of cost and NRV is made on an item-by-item basis. Spare parts that meet the definition of asset are capitalised at their respective carrying amounts. The NRV of work-in-progress is determined with reference to NRV of related finished goods

iii. Raw materials and other supplies held for use in production of inventories 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 NRV.

iv. Provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

d. Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligation in contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of goods or services to buyer in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services.

Sale of products is adjusted net of Goods and Service tax, returns, trade discounts, and volume rebates.

Service income is recognised when the related services are rendered unless significant future contingencies exist.

Export incentives are recognised in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of export made.

Dividend income is recognised in the consolidated statement of profit and loss on the date on which the right to receive payment is established.

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

e. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through consolidated statement of profit and loss.

f. Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to an expense item are recognised in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the consolidated statement of profit and loss over the periods and in proportions in which depreciation expense on those assets is recognised.

Income from export incentives are recognised in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognised in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

g. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non- lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and a charge or credit to the consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

Lease payments associated with following leases are recognised as expense on straight-line basis:

1. Low value leases; and
2. Leases which are short-term

h. Financial instruments

1. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

2. Classification and subsequent measurement

Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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 at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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 at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss (FVTPL). This include all derivative assets and current investments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense and are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the consolidated statement of profit and loss.

Derivative Instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative instruments are recorded at fair value on every reporting date with changes being accounted in consolidated statement of profit and loss.

3. Derecognition

Financial assets

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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognises 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 consolidated statement profit and loss.

i. Impairment

i. Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised 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 assets have occurred.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

ii. Impairment of non - financial assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's non-financial assets, other than inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

j. Employee benefits

i. Defined benefit plan

Gratuity

The Group's gratuity plan is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the balance sheet date.

Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognises actuarial gains and losses immediately in the consolidated statement of profit and loss.

ii. Defined contribution plan

Provident fund

Provident fund is a post-employment benefit plan under which makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the consolidated statement of profit and loss during the period in which the related services are rendered by the employees.

iii. Share-based payment transactions

Employees of the Group receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the consolidated statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally become entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

k. Taxes

Current income tax

Current income 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 income 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 at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

l. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to the owners of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year for the year attributable to the owners of the Group by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

m. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item 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.

n. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows to their present value and 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.

Provisions for onerous contracts, i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

o. Segment reporting

Based on the “management approach” as defined in Ind AS 108 – Operating Segments, Managing Directors of the Group has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group’s performance and allocates resources based on single segment approach and accordingly, information has been presented.

p. Recent accounting pronouncements

Ministry of Corporate Affairs (“**MCA**”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Changes in Accounting Policies

There has been no change in accounting policies during the last three financial years, i.e., as at and for the years ended March 31, 2024, March 31, 2023, and March 31, 2022, as well as for the three months ended June 30, 2024.

Description of Key Components of our Statement of Profit and Loss

Income

Our total income consists of revenue from operations and other income.

<u>Revenue from Operations</u>

Our revenue from operations is generated from (i) sale of products, (ii) sale of services, (iii) scrap sales, (iv) tooling income, (v) export incentive benefit, (vi) income from government grants (except in Fiscal 2022) and (vi) revenue from sale of child parts (except in Fiscal 2022) .

Sale of Products

Within the automotive sector, we generate revenue from the sale of a range of precision forged and machined components and assemblies (such as connecting rod, rocker arm, crankshaft, gear shifter fork, stem comp, and aluminium forged parts) that are critical for engine, transmission, suspension, braking, chassis and other systems for the two-wheeler, passenger vehicle and commercial vehicle verticals. Within the non-automotive sector, we generate revenue from the sale of a range of precision components for the aerospace, off-road, agricultural and other segments, including engineering and capital goods.

Sale of Services

Our revenue from sale of services primarily includes revenues that we generate by providing machining operation services.

Scrap Sales

Our revenue from scrap sales includes from sale of items such as component scrap, forging scrap, boring scrap, end bits, lubricants, waste packing materials, used consumables, inserts, and items not fit to be used in equipment.

Tooling Income

Prior to placing a purchase contract, our customers undertake a selection process which includes multiple inspections and review of the prototypes. Our tooling income includes amounts paid to us by our customers for the development of such prototypes.

Export Incentive Benefit

Export incentive benefit consists of various incentives available for the export of goods under applicable schemes. For more details, see "*Risk Factors – Discontinuance or the unavailability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business, financial condition, results of operations and cash flow*" on page 82.

Other Income

Our other income primarily consists of certain recurring items such as interest income from banks and others, net gain on foreign currency transactions (including on account of exchange rate difference, both realised and unrealised arising on receivables, payables and loans and cancellation of forward contracts), and certain non-recurring items, such as net profit on sale of property, plant and equipment. In Fiscal 2022, other income also included income from government grants and revenue from sale of child parts.

Expenses

Our total expenses consist of (i) Cost of Goods Manufactured, which comprises cost of materials consumed, changes in inventory of finished goods and work-in-progress, and conversion charges, (ii) consumption of stores and spares, (iii) power and fuel, (iv) employee benefit expenses, (v) finance costs, (vi) depreciation and amortisation expense and (vii) other expenses.

Cost of Materials

We define Cost of Materials as the sum of (i) cost of material consumed, (ii) change in inventories of finished goods and work in progress and (iii) conversion charges.

Cost of material consumed primarily consists of (i) the cost of raw materials that we consume in the manufacture of our products (our primary raw materials are alloy steel round bars and non-ferrous alloys, such as aluminium and titanium); and (ii) the cost of assembled components, such as roller bearings, screws, crank pins, bolts, bushes and sintered tips. Our cost of material consumed also includes costs of carriage inwards.

Change in inventories of finished goods and work in progress indicates the difference between our opening and closing inventory of finished goods and work-in-progress.

Conversion charges refer to the processing charges that we pay to third parties in respect of certain work outsourced, generally for conversion of raw material to forgings, chrome plating, diamond-like coating, machining, buffing and painting, among others.

Employee Benefit Expenses

Our employee benefit expenses comprise employee salaries and wages, gratuity expenses, contribution to provident and other funds, staff welfare expenses.

Finance Costs

Finance costs primarily consist of (i) interest cost on borrowings from (a) banks and (b) others, (ii) foreign exchange loss to the extent considered as borrowing cost and (iii) interest and finance charges on lease liabilities.

Depreciation and Amortisation Expense

Depreciation and amortisation expense consists of depreciation of tangible assets, including our building, plant and machinery, furniture, office equipment and vehicles, amortisation of intangible assets and depreciation on right of use of asset.

Other Expenses

Other expenses primarily comprise consumption of stores and spares, contract labour charges, conversion charges, power and fuel, freight outward, legal and professional charges, insurance, rates and taxes, CSR contribution, and repairs and maintenance.

Tax Expenses

Tax expenses primarily comprise current and deferred taxes.

Our Results of Operations for the Three Months Ended June 30, 2024 and 2023

The following table sets out select financial data for the three months ended June 30, 2024 from the Unaudited Condensed Interim Consolidated Financial Statements and for the three months ended June 30, 2023 from the Unaudited Interim Consolidated Financial Results, the components of which are also expressed as a percentage of total income for the respective periods indicated.

Particulars	**For the three months ended June 30,**			
	2024		**2023**	
	(₹ in million)	**As a percentage of total income (%)**	**(₹ in million)**	**As a percentage of total income (%)**
Revenue:				
Revenue from operations	7,439.33	99.95%	6,600.66	99.94%
Other income	3.98	0.05%	4.26	0.06%
Total income	**7,443.31**	**100.00%**	**6,604.92**	**100.00%**
Expenses:				
Cost of materials consumed	3,318.37	44.58%	3,083.76	46.69%
Changes in inventories of finished goods and work-in-progress	(276.48)	(3.71)%	(189.51)	(2.87)%
Employee benefits expense	1,068.20	14.35%	910.12	13.78%
Finance costs	192.62	2.59%	189.26	2.87%
Depreciation and amortisation expenses	399.59	5.37%	348.70	5.28%
Other expenses	2,053.96	27.59%	1,652.76	25.02%
Total expenses	**6,756.26**	**90.77%**	**5,995.09**	**90.77%**
Profit before tax	**687.05**	**9.23%**	**609.83**	**9.23%**
Tax expenses:				
Current tax	174.47	2.34%	141.46	2.14%
Adjustment of tax relating to earlier years	–	–	–	–
Deferred tax (credit)/charge	10.30	0.14%	16.67	0.25%
Total tax expenses	**184.77**	**2.48%**	**158.13**	**2.39%**
Share of profits/(loss) of associate, net of tax	**(0.85)**	**(0.01)%**	**–**	**–**
Profit for the period	**501.43**	**6.74%**	**451.70**	**6.84%**

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Revenue

Revenue from Operations

Set forth below is a table showing our revenue from operations for the three months ended June 30, 2024 and 2023.

Particulars	Three months ended June 30,		Percentage Increase/ (Decrease) (%)
	2024	2023	
	(₹ in million)		
Revenue from operations:			
Sale of products	7,003.89	6,167.39	13.56%
Sale of services	3.42	10.47	(67.34)%
Other operating revenue:	432.02	422.8	2.18%
Of which:			
Scrap sales	*373.23*	*327.59*	*13.93%*
Tooling income	*9.46*	*45.60*	*(79.25)%*
Export incentive benefits	*33.16*	*34.77*	*(4.63)%*
Income from government grants	*15.19*	*14.21*	*6.90%*
Sale of child parts	*0.98*	*0.63*	*55.56%*
Total	**7,439.33**	**6,600.66**	**12.71%**

Our revenue from operations increased by 12.71% to ₹7,439.33 million for the three months ended June 30, 2024 from ₹6,600.66 million for the three months ended June 30, 2023. This increase was primarily due to an increase in sales of products and scrap sales, which was partially offset by a decline in tooling income, as detailed below.

Sale of Products

Our sale of products increased by 13.56% to ₹7,003.89 million for the three months ended June 30, 2024 from ₹6,167.39 million for the three months ended June 30, 2023. This increase was primarily due to the increase in revenue from our new business (see table below).

Particulars	For the three months ended June 30,		Percentage Increase/ (Decrease) (%)
	2024	2023	
	(₹ in million)		
Revenue from existing business[(1)]	5,305.56	5,428.12	(2.26)%
Revenue from new business[(2)]:	1,698.33	739.27	129.73%
Of which:			
Added in three months ended June 30, 2024	*14.81*	*0.00*	*N.C.**
Added in Fiscal 2024	*364.98*	*11.00*	*3,217.03%*
Added in Fiscal 2023	*727.06*	*291.49*	*149.43%*
Added in Fiscal 2022	*591.48*	*436.77*	*35.42%*
Revenue from sale of products	7,003.89	6,167.39	13.56%

Notes:
(1) Existing business means sales of existing products to existing customers. Existing means existing in Fiscal 2021.
(2) New business means (i) sales of products to customers who were added on or after April 1, 2021, and (ii) sales of products that were introduced on or after April 1, 2021, to both new and existing customers.
** N.C means not comparable.*

Scrap Sales

Scrap sales increased by 13.93% to ₹373.23 million for the three months ended June 30, 2024 from ₹327.59 million for the three months ended June 30, 2023. This growth was primarily due to an increase in the usage of raw materials and higher average scrap realisation rates.

Tooling Income

Tooling income decreased by 79.25% to ₹9.46 million for the three months ended June 30, 2024 from ₹45.60 million for the three months ended June 30, 2023. This decline was primarily due to difference in the schedule of development for new products between the two periods.

Expenses

Cost of Materials Consumed: Set forth below is a table showing components of our cost of materials consumed for the three months ended June 30, 2024 and 2023.

Particulars	For the three months ended June 30,		Percentage Increase/ (Decrease) (%)
	2024	2023	
	(₹ in million)		
Cost of materials consumed:			
Raw materials at the beginning of the year	1,326.13	1,233.69	7.49%
Add: Purchases	3,407.44	3,343.67	1.91%
Less: Raw materials at the end of the year	1,415.20	1,493.60	(5.25)%
Total	**3,318.37**	**3,083.76**	**7.61%**

Our cost of materials consumed increased by 7.61% to ₹3,318.37 million for the three months ended June 30, 2024 from ₹3,083.76 million for the three months ended June 30, 2023. This increase was in line with the 12.71% growth in our revenue from operations during the same period. Cost of materials consumed represented 44.61% and 46.72% of our revenue from operations for the three months ended June 30, 2024 and 2023, respectively.

Changes in Inventories of Finished Goods and Work-in-progress

Our inventories of finished goods and work-in-progress increased by ₹276.48 million for the three months ended June 30, 2024 compared to an increase of ₹189.51 million for the three months ended June 30, 2023. This increase in inventories of finished goods and work-in-progress was primarily due to higher production levels during the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Employee Benefit Expenses

Our employee benefit expenses increased by 17.37% to ₹1,068.20 million for the three months ended June 30, 2024 from ₹910.12 million for the three months ended June 30, 2023. This increase was primarily due to higher salaries and wages, which increased by 13.60% to ₹865.58 million from ₹761.93 million, along with increased contributions to provident and other funds and staff welfare expenses. The number of our employees increased by 10.09% to 11,609 as at June 30, 2024 from 10,545 as at June 30, 2023.

Finance Costs

Our finance costs increased by 1.78% to ₹192.62 million for the three months ended June 30, 2024 from ₹189.26 million for the three months ended June 30, 2023. This increase was primarily due to higher interest expenses on banks and financial institution borrowings, which increased by 11.91% to ₹166.55 million for the three months ended June 30, 2024 from ₹148.82 million for the three months ended June 30, 2023. This increase was partially offset by a decrease in interest on other borrowings, which decreased by 48.17% to ₹15.16 million for the three months ended June 30, 2024 from ₹29.25 million for the three months ended June 30, 2023.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 14.59% to ₹399.59 million for the three months ended June 30, 2024 from ₹348.70 million for the three months ended June 30, 2023. This increase was primarily due to the depreciation of property, plant, and equipment, which increased by 16.68% to ₹375.07 million for the three months ended June 30, 2024 from ₹321.46 million for the three months ended June 30, 2023.

Other Expenses

Our other expenses increased by 24.27% to ₹2,053.96 million for the three months ended June 30, 2024 from ₹1,652.76 million for the three months ended June 30, 2023. This increase was primarily due to (i) a 19.34% increase in consumption of stores and spares to ₹652.16 million for the three months ended June 30, 2024 from ₹546.46 million for the three months ended June 30, 2023; (ii) a 38.29% increase in conversion charges to ₹307.62 million for the three months ended June 30, 2024 from ₹222.44 million for the three months ended June 30, 2023; and (iii) a 16.20% increase in contract labour charges to ₹380.90 million for the three months ended June 30, 2024 from ₹327.80 million for the three months ended June 30, 2023. Excluding conversion charges, consumption of stores and spares, and contract labour charges, total other expenses decreased by 28.27% to ₹713.28 million for the three months ended June 30, 2024 from ₹556.06 million for the three months ended June 30, 2023.

Tax Expenses

Our total tax expenses increased by 16.85% to ₹184.77 million for the three months ended June 30, 2024 from ₹158.13 million for the three months ended June 30, 2023. Our current tax increased by 23.34% to ₹174.47 million for the three months ended June 30, 2024 from ₹141.46 million for the three months ended June 30, 2023, primarily due to the increase in our profit before tax. We had a deferred tax charge of ₹10.30 million for the three months ended June 30, 2024, compared to a deferred tax charge of ₹16.67 million for the three months ended June 30, 2023.

Profit for the Period

Primarily for the reasons stated above, our profit for the period increased by 11.01% to ₹501.43 million for the three months ended June 30, 2024 from ₹451.70 million for the three months ended June 30, 2023.

Our Results of Operations for the Years Ended March 31, 2024, 2023 and 2022

The following table sets out select financial data from our statements of profit and loss for Fiscals 2024, 2023 and 2022 from the Audited Consolidated Financial Statements, the components of which are also expressed as a percentage of total income for the respective fiscal years indicated.

Particulars	**Year ended March 31,**					
	2024		**2023**		**2022**	
	(₹ in million)	**As a percentage of total income (%)**	**(₹ in million)**	**As a percentage of total income (%)**	**(₹ in million)**	**As a percentage of total income (%)**
Revenue:						
Revenue from operations	28,114.32	99.91%	23,460.44	99.57%	19,890.32	99.23%
Other income	24.26	0.09%	100.69	0.43%	154.93	0.77%
Total income	28,138.58	100.00%	23,561.13	100.00%	20,045.25	100.00%
Expenses:						
Cost of materials consumed	12,505.73	44.44%	10,863.04	46.11%	8,871.08	44.26%
Changes in inventories of finished goods and work-in-progress	(330.33)	(1.17)%	(688.46)	(2.92)%	(230.08)	(1.15)%
Employee benefits expense	3,797.82	13.50%	3,179.61	13.50%	2,773.58	13.84%
Finance costs	770.06	2.74%	615.10	2.61%	510.13	2.54%
Depreciation and amortisation expenses	1,494.80	5.31%	1,300.80	5.52%	1,197.03	5.97%
Other expenses	7,342.59	26.09%	6,258.72	26.56%	5,139.83	25.64%
Total expenses	**25,580.67**	**90.91%**	**21,528.81**	**91.37%**	**18,261.57**	**91.10%**
Profit before tax	**2,557.91**	**9.09%**	**2,032.32**	**8.63%**	**1,783.68**	**8.90%**
Tax expenses:						
Current tax	681.93	2.42%	476.73	2.02%	427.85	2.13%
Adjustment of tax relating to earlier years	5.27	0.02%	18.86	0.08%	7.65	0.04%
Deferred tax (credit)/charge	0.28	0.00%	53.31	0.23%	29.29	0.15%
Total tax expenses	**687.48**	**2.44%**	**548.90**	**2.33%**	**464.79**	**2.32%**
Share of profits of associate, net of tax	**5.06**	**0.02**	–	–	–	–
Profit for the year	**1,875.49**	**6.67%**	**1,483.42**	**6.30%**	**1,318.89**	**6.58%**

Fiscal 2024 Compared to Fiscal 2023

Revenue

Revenue from Operations

Set forth below is a table showing our revenue from operations for Fiscals 2024 and 2023.

Particulars	Fiscal 2024	Fiscal 2023	Percentage Increase/ (Decrease) (%)
	(₹ in million)		
Revenue from operations:			
Sale of products	26,361.23	21,739.42	21.26
Sale of services	37.51	36.30	3.33
Other operating revenue:	1,715.58	1,684.72	1.83
Of which:			
Scrap sales	*1,339.80*	*1,317.65*	*1.68*
Tooling income	*167.38*	*190.29*	*(12.04)*
Export incentive benefits	*143.72*	*99.37*	*44.63*
Income from government grants	*58.89*	*55.31*	*6.47*
Sale of child parts	*5.79*	*22.10*	*(73.80)*
Total	**28,114.32**	**23,460.44**	**19.84**

Our revenue from operations increased by 19.84% to ₹28,114.32 million for Fiscal 2024 from ₹23,460.44 million for Fiscal 2023. This increase was primarily due to a 21.26% increase in our sales of products, as detailed below.

Sale of Products

Our sale of products increased by 21.26% to ₹26,361.23 million for Fiscal 2024 from ₹21,739.42 million for Fiscal 2023. The primary reason for this was the increase in our revenue from sale of products from our new business (see table below).

Particulars	Fiscal 2024	Fiscal 2023	Percentage Increase/ (Decrease) (%)
	(₹ in million)		
Revenue from existing business[(1)]	22,095.45	20,499.23	7.79%
Revenue from new business[(2)]:	4,265.78	1,240.19	243.96%
Of which:			
Added in Fiscal 2024	*397.66*	–	*N.C.**
Added in Fiscal 2023	*2,017.01*	*363.42*	*455.01%*
Added in Fiscal 2022	*1,851.11*	*876.77*	*111.13%*
Revenue from sale of products	26,361.23	21,739.42	21.26

Notes:

(1) Existing business means sales of existing products to existing customers. Existing means existing in Fiscal 2021.

(2) New business means (i) sales of products to customers who were added on or after April 1, 2021, and (ii) sales of products that were introduced on or after April 1, 2021, to both new and existing customers.

** N.C means not comparable.*

Other Income

Other income decreased by 75.91% to ₹24.26 million for Fiscal 2024 from ₹100.69 million for Fiscal 2023, primarily due to a decrease in net foreign exchange currency gain by 99.48% to ₹0.39 million for Fiscal 2024 from ₹74.33 million for Fiscal 2023.

Expenses

Cost of Materials Consumed

Set forth below is a table showing components of our cost of materials consumed for Fiscals 2024 and 2023.

Particulars	Fiscal 2024	Fiscal 2023	Percentage Increase/ (Decrease) (%)
	(₹ in million)		
Cost of materials consumed:			
Raw materials at the beginning of the year	1,233.69	993.68	24.15%
Add: Purchases	12,598.17	11,103.05	13.47%
Less: Raw materials at the end of the year	1,326.13	1,233.69	7.49%
Total	**12,505.73**	**10,863.04**	**15.12%**

Our cost of materials consumed increased by 15.12% to ₹12,505.73 million for Fiscal 2024 from ₹10,863.04 million for Fiscal 2023. The percentage increase in cost of materials consumed was less than the 19.84% increase in our revenue from operations over the same period. Cost of materials consumed represented 44.48% and 46.30% of our revenue from operations in Fiscals 2024 and 2023, respectively.

Changes in Inventories of Finished Goods and Work-in-progress

Our inventories of finished goods and work-in-progress increased by ₹330.33 million for Fiscal 2024 compared to an increase of ₹688.46 million for Fiscal 2023. This smaller increase was primarily due to change in sales mix and improved inventory management practices.

Employee Benefit Expenses

Our employee benefit expenses increased by 19.44% to ₹3,797.82 million for Fiscal 2024 from ₹3,179.61 million for Fiscal 2023. This increase was primarily due to higher salaries and wages, which increased by 17.68% to ₹3,057.93 million for Fiscal 2024 from ₹2,598.48 million for Fiscal 2023, along with increased contributions to provident and other funds and staff welfare expenses. The number of our employees increased by 15.50% to 10,978 as at March 31, 2024 from 9,505 as at March 31, 2023.

Finance Costs

Our finance costs increased by 25.19% to ₹770.06 million for Fiscal 2024 from ₹615.10 million for Fiscal 2023. This increase was primarily due to higher interest expenses on banks and financial institution borrowings, which increased by 25.90% to ₹605.60 million for Fiscal 2024 from ₹481.02 million for Fiscal 2023, and an increase in interest on other borrowings, which increased by 55.49% to ₹122.06 million for Fiscal 2024 from ₹78.50 million for Fiscal 2023.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 14.91% to ₹1,494.80 million for Fiscal 2024 from ₹1,300.80 million for Fiscal 2023, primarily due to depreciation of property, plant and equipment, which increased by 15.48% to ₹1,389.56 million for Fiscal 2024 from ₹1,203.28 million for Fiscal 2023.

Other Expenses

Our other expenses increased by 17.32% to ₹7,342.59 million for Fiscal 2024 from ₹6,258.72 million for Fiscal 2023. This increase was primarily due to (i) a 27.41% increase in conversion charges to ₹1,024.28 million for Fiscal 2024 from ₹803.90 million for Fiscal 2023, (ii) a 26.45% increase in contract labour charges to ₹1,464.37 million for Fiscal 2024 from ₹1,158.03 million for Fiscal 2023, and (iii) an increase in consumption of stores and spares to ₹2,481.38 million for Fiscal 2024 from ₹2,145.09 million for Fiscal 2023. Excluding contract labour charges, conversion charges, and consumption of stores and spares, total other expenses decreased by 10.26% to ₹2,372.56 million in Fiscal 2024 from ₹2,151.70 million in Fiscal 2023.

Tax Expenses

Our total tax expenses increased by 25.25% to ₹687.48 million for Fiscal 2024 from ₹548.90 million for Fiscal 2023. Our current tax increased by 43.04% to ₹681.93 million for Fiscal 2024 from ₹476.73 million for Fiscal 2023, primarily due to the increase in profit before tax. We had a deferred tax charge of ₹0.28 million for Fiscal 2024 compared to a deferred tax credit of ₹53.31 million for Fiscal 2023.

Profit for the Year

Primarily for the reasons stated above, our profit for the year increased by 26.43% to ₹1,875.49 million for Fiscal

2024 from ₹1,483.42 million for Fiscal 2023.

Fiscal 2023 Compared to Fiscal 2022

Revenue

Revenue from Operations

Set forth below is a table showing our revenue from operations for Fiscals 2023 and 2022.

Particulars	**Fiscal 2023**	**Fiscal 2022**	**Percentage Increase/ (Decrease) (%)**
	(₹ in million)		
Revenue from operations:			
Sale of products	21,739.42	18,557.85	17.14%
Sale of services	36.30	40.87	(11.18)%
Other operating revenue:	1,684.72	1,376.60	22.38%
Of which:			
Scrap sales	*1,317.65*	*954.31*	*38.07%*
Tooling income	*190.29*	*255.75*	*(25.60)%*
Export incentive benefits	*99.37*	*81.54*	*21.87%*
Income from government grants[(1)]	55.31	–	*N.C.**
Sale of child parts[(1)]	22.10	–	*N.C.**
Total	**23,460.44**	**19,890.32**	**17.95%**

** N.C. means not comparable.*

Our revenue from operations increased by 17.95% to ₹23,460.44 million for Fiscal 2023 from ₹19,890.32 million for Fiscal 2022. This increase was primarily due to the 17.14% increase in sale of products and the 22.38% increase other operating revenue as detailed below.

Sale of Products

Our sale of products increased by 17.14% to ₹21,739.42 million for Fiscal 2023 from ₹18,557.85 million for Fiscal 2022. The primary reason for this was the increase in our revenue from the sale of products from our existing business (see table below).

Particulars	**Fiscal 2023**	**Fiscal 2022**	**Percentage Increase/ (Decrease) (%)**
	(₹ in million)		
Revenue from existing business[(1)]	20,499.23	18,400.58	11.41%
Revenue from new business[(2)]	1,240.19	157.27	688.56%
Of which:			
Added in Fiscal 2023	*363.42*	–	*N.C.**
Added in Fiscal 2022	*876.77*	*157.27*	*457.49%*
Revenue from sale of products	21,739.42	18,557.85	17.14%

Notes:

(1) Existing business means sales of existing products to existing customers. Existing means existing in Fiscal 2021.

(2) New business means (i) sales of products to customers who were added on or after April 1, 2021, and (ii) sales of products that were introduced on or after April 1, 2021, to both new and existing customers.

** N.C means not comparable.*

Scrap Sales

Scrap sales increased by 38.07% to ₹1,317.65 million for Fiscal 2023 from ₹954.31 million for Fiscal 2022, primarily due to an increase in the usage of raw materials and higher average scrap realisation rates.

Tooling Income

Tooling income decreased by 25.60% to ₹190.29 million for Fiscal 2023 from ₹255.75 million for Fiscal 2022, primarily due to decreased income booked in relation to the development of new products.

Other Income

Other income decreased by 35.01% to ₹100.69 million for Fiscal 2023 from ₹154.93 million for Fiscal 2022. This decrease was primarily due the reclassification of income from government grants and revenue from sale of child parts for Fiscal 2023 as revenue from operations.

Expenses

Cost of Materials Consumed

Set forth below is a table showing components of our cost of materials consumed for Fiscals 2023 and 2022.

Particulars	Fiscal 2023	Fiscal 2022	Percentage Increase/ (Decrease) (%)
	(₹ in million)		
Cost of materials consumed:			
Raw materials at the beginning of the year	993.68	838.03	18.57%
Add: Purchases	11,103.05	9,026.73	23.00%
Less: Raw materials at the end of the year	1,233.69	993.68	24.15%
Total	**10,863.04**	**8,871.08**	**22.45%**

Our cost of materials consumed increased by 22.45% to ₹10,863.04 million for Fiscal 2023 from ₹8,871.08 million for Fiscal 2022. This percentage increase was more than the 17.95% increase in our revenue from operations over the same period. Cost of materials consumed represented 46.46% and 44.60% of our revenue from operations in Fiscals 2023 and 2022, respectively.

Changes in Inventories of Finished Goods and Work-in-progress

Our changes in inventories of finished goods and work-in-progress was an increase of ₹688.46 million for Fiscal 2023 compared to an increase of ₹230.08 million for Fiscal 2022. This larger increase in inventories of finished goods and work-in-progress was due to increased production levels required to meet customer schedules.

Employee Benefit Expenses

Our employee benefit expenses increased by 14.64% to ₹3,179.61 million for Fiscal 2023 from ₹2,773.58 million for Fiscal 2022. This increase was primarily due to higher salaries and wages, which increased by 14.31% to ₹2,598.48 million from ₹2,273.14 million, along with increased contributions to provident and other funds and staff welfare expenses. The number of our employees increased by 4.92% to 9,505 as at March 31, 2023 from 9,059 as at March 31, 2022.

Finance Costs

Our finance costs increased by 20.58% to ₹615.10 million for Fiscal 2023 from ₹510.13 million for Fiscal 2022. This increase was primarily due to increases in (i) interest expenses on bank and financial institution borrowings by 17.74% to ₹481.02 million for Fiscal 2023 from ₹408.55 million for Fiscal 2022; and (ii) interest on other borrowings by 73.48% to ₹78.50 million for Fiscal 2023 from ₹45.25 million for Fiscal 2022.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 8.67% to ₹1,300.80 million for Fiscal 2023 from ₹1,197.03 million for Fiscal 2022. This increase was primarily due to the depreciation of property, plant, and equipment, which increased by 10.26% to ₹1,203.28 million for Fiscal 2023 from ₹1,091.28 million for Fiscal 2022.

Other Expenses

Other expenses increased by 21.77% to ₹6,258.72 million for Fiscal 2023 from ₹5,139.83 million for Fiscal 2022. This increase was primarily due to a 26.81% increase in consumption of stores and spares to ₹2,145.09 million for Fiscal 2023 from ₹1,691.54 million for Fiscal 2022, and a 21.68% increase in contract labour charges to ₹1,158.03 million for Fiscal 2023 from ₹951.73 million for Fiscal 2022. Excluding consumption of stores and spares and contract labour charges, total other expenses decreased by 18.39% to ₹2,955.60 million in Fiscal 2023 from ₹2,496.56 million in Fiscal 2022.

Tax Expenses

Our total tax expenses increased by 18.10% to ₹548.90 million for Fiscal 2023 from ₹464.79 million for Fiscal 2022. Our current tax increased by 11.42% to ₹476.73 million for Fiscal 2023 from ₹427.85 million for Fiscal 2022, primarily due to the increase in profit before tax. We had an adjustment of tax relating to earlier years of ₹18.86 million for Fiscal 2023 compared to ₹7.65 million for Fiscal 2022. Additionally, we had a deferred tax charge of ₹53.31 million for Fiscal 2023 compared to a deferred tax charge of ₹29.29 million for Fiscal 2022.

Profit for the Year

Primarily for the reasons stated above, our profit for the year increased by 12.47% to ₹1,483.42 million for Fiscal 2023 from ₹1,318.89 million for Fiscal 2022.

Segment Information

The Group's business activities fall within a single reportable segment, i.e. manufacture and supply of precision forged and machined components. Hence, there are no additional disclosures to be provided under Ind-AS 108 – Operating Segment with respect to the single reportable segment.

For details of the breakdown of our revenue from contracts with customers by geographical markets based on the location of our customers, see "*Our Business – Overview*" on page 263.

Financial Condition

Total Assets

The table below sets forth the principal components of our total assets as at the dates indicated.

Particulars	As at June 30, 2024	As at March 31,		
		2024	2023	2022
	(₹ in million)			
Non-current assets:				
Property, plant and equipment	15,184.45	14,625.13	12,691.41	11,040.79
Right-of-use-asset	904.20	841.86	873.12	977.27
Capital work-in-progress	893.32	835.00	756.61	1,224.25
Goodwill	345.05	343.28	347.07	352.25
Other intangible asset	41.16	29.59	24.54	23.96
Investments accounted for using the equity method	204.21	205.06	–	–
Financial assets:				
(i) Investments	195.43	195.43	104.93	104.93
(ii) Loan	21.53	18.01	8.99	15.72
(iii) Other financial assets	298.14	295.06	279.03	287.95
Current tax assets (net)	84.90	87.51	85.08	28.30
Other non-current assets	586.14	456.42	313.72	209.33
Total non-current assets	**18,758.53**	**17,932.35**	**15,484.50**	**14,264.75**
Current assets:				

Particulars	As at June 30, 2024	As at March 31,		
		2024	2023	2022
	(₹ in million)			
Inventories	4,582.50	4,189.11	3,709.63	2,776.03
Financial assets:				
(i) Investments	9.59	10.19	6.73	5.97
(ii) Trade receivables	4,772.11	4,622.12	4,327.31	4,085.64
(iii) Cash and cash equivalents	1,167.80	486.35	495.58	383.44
(iv) Bank balances other than cash and cash equivalents	299.37	143.35	120.83	119.84
(v) Loans	27.06	25.13	32.45	25.15
(vi) Other financial assets	31.07	77.87	188.63	201.69
Other current assets	591.07	440.90	262.97	347.18
Total current assets	**11,480.57**	**9,995.02**	**9,144.13**	**7,944.94**
Total assets	**30,239.10**	**27,927.37**	**24,628.63**	**22,209.69**

Our total non-current assets were ₹14,264.75 million as at March 31, 2022. They increased to ₹15,484.50 million as at March 31, 2023, and further increased to ₹17,932.35 million as at March 31, 2024, and to ₹18,758.53 million as at June 30, 2024. This increase was primarily due to increases in our property, plant and equipment, which increased from ₹11,040.79 million as at March 31, 2022, to ₹12,691.41 million as at March 31, 2023, and further to ₹14,625.13 million as at March 31, 2024, and to ₹15,184.45 million as at June 30, 2024.

Our total current assets were ₹7,944.94 million as at March 31, 2022. They increased - to ₹9,144.13 million as at March 31, 2023, and further increased - to ₹9,995.02 million as at March 31, 2024, and to ₹11,480.57 million as at June 30, 2024. This increase was primarily due to increases in our (i) inventories, which increased from ₹2,776.03 million as at March 31, 2022, to ₹3,709.63 million as at March 31, 2023, to ₹4,189.11 million as at March 31, 2024, and to ₹4,582.50 million as at June 30, 2024; and (ii) trade receivables, which increased from ₹4,085.64 million as at March 31, 2022, to ₹4,327.31 million as at March 31, 2023, to ₹4,622.12 million as at March 31, 2024, and to ₹4,772.11 million as at June 30, 2024.

Total Equity and Liabilities

The table below sets forth the principal components of our total equity and liabilities as at the dates indicated.

Particulars	As at June 30, 2024	As at March 31,		
		2024	2023	2022
	(₹ in million)			
Equity				
Equity share capital	108.00	107.23	105.86	104.31
Other equity	13,967.09	13,366.73	11,573.48	10,129.51
Total equity attributable to owners of the company	14,075.09	13,473.96	11,679.34	10,233.82
Non-controlling Interest	164.45	159.24	140.34	119.34
Total equity	**14,239.54**	**13,633.20**	**11,819.68**	**10,353.16**
Liabilities				
Non-Current Liabilities				
Financial liabilities:				
(i) Borrowings	3,489.19	2,515.86	2,630.25	2,335.04
(ii) Lease liabilities	837.86	796.10	821.32	910.63
Provisions	30.57	27.34	28.92	82.23
Deferred tax liabilities (net)	700.06	692.42	688.60	641.93
Other non-current liabilities	503.25	497.18	487.40	509.82
Total non-current liabilities	**5,560.93**	**4,528.90**	**4,656.49**	**4,479.65**
Current liabilities				
Financial Liabilities:				
(i) Borrowings	5,696.19	5,495.13	4,490.86	4,116.40
(ii) Lease liabilities	106.13	99.50	99.81	102.51
(iii) Trade payables:				
- Total outstanding dues of micro enterprises and small enterprises	327.13	308.26	202.72	77.54
- Total outstanding	3,634.12	3,249.41	2,724.06	2,575.43

Particulars	As at June 30, 2024	As at March 31,		
		2024	2023	2022
	(₹ in million)			
dues of creditors other than micro enterprises and small enterprises				
(iv) Other financial liabilities	193.83	248.28	188.60	121.83
Other current liabilities	402.69	308.44	415.68	263.55
Provisions	17.04	15.72	25.73	111.14
Current tax liabilities (net)	61.50	40.53	5.00	8.48
Total current liabilities	**10,438.63**	**9,765.27**	**8,152.46**	**7,376.88**
Total equity and liabilities	**30,239.10**	**27,927.37**	**24,628.63**	**22,209.69**

Our total equity increased from ₹10,353.16 million as at March 31, 2022, to ₹11,819.68 million as at March 31, 2023, and further increased to ₹13,633.20 million as at March 31, 2024, and to ₹14,239.54 million as at June 30, 2024. These increases were primarily due to increases in other equity, which increased from ₹10,129.51 million as at March 31, 2022, to ₹11,573.48 million as at March 31, 2023, and further increased to ₹13,967.09 million as at June 30, 2024, primarily due to retained earnings.

Our total non-current liabilities increased from ₹4,479.65 million as at March 31, 2022, to ₹4,656.49 million as at March 31, 2023, and then decreased to ₹4,528.90 million as at March 31, 2024, and increased to ₹5,560.93 million as at June 30, 2024. The increase as at March 31, 2023, was primarily due to an increase in non-current borrowings from ₹2,335.04 million as at March 31, 2022, to ₹2,630.25 million as at March 31, 2023. The subsequent decrease as at March 31, 2024, was primarily due to a reduction in non-current borrowings to ₹2,515.86 million, reflecting a shift in financing needs. The increase as at June 30, 2024 was due to an increase in non-current borrowings to ₹3,489.19 million to fund capital expenditure.

Our total current liabilities increased from ₹7,376.88 million as at March 31, 2022, to ₹8,152.46 million as at March 31, 2023, and then increased to ₹9,765.27 million as at March 31, 2024, and to ₹10,438.63 million as at June 30, 2024. These changes were primarily due to fluctuations in current borrowings, which were partially offset by changes in total outstanding dues to creditors other than micro enterprises and small enterprises.

Our current borrowings increased from ₹4,116.40 million as at March 31, 2022, to ₹4,490.86 million as at March 31, 2023, to ₹5,495.13 million as at March 31, 2024 and to ₹5,696.19 million as at June 30, 2024. These increases were primarily due to meet the working capital needs of the growth in the revenue from operations.

Our total outstanding dues of creditors other than micro enterprises and small enterprises increased from ₹2,575.43 million as at March 31, 2022, to ₹2,724.06 million as at March 31, 2023, to ₹3,249.41 million as at March 31, 2024 and further increased to ₹3,634.12 million as at June 30, 2024. These increases were primarily due to increases in our purchases of raw materials each Fiscal due to the growth of our business.

Liquidity and Capital Resources

Our liquidity requirements primarily relate to capital expenditure and working capital. Our sources of liquidity for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022 were cash generated from operating activities and borrowings from banks and financial institutions. We expect that our primary sources of liquidity will continue to be cash generated from operating activities and borrowings.

As at June 30, 2024, our cash and cash equivalents was ₹1,167.80 million.

Cash Flows

The following table sets forth a summary of our consolidated cash flows for the periods and years indicated:

Particulars	Three months ended June 30, 2024	Year ended March 31,		
		2024	2023	2022
	(₹ in million)			
Net cash generated from operating activities	938.51	3,743.40	2,564.18	2,130.65
Net cash used in investing activities	(1,314.90)	(3,683.43)	(2,408.79)	(2,553.13)
Net cash (used in)/generated from financing activities	1,070.99	(79.60)	(61.68)	465.46

Particulars	Three months ended June 30, 2024	Year ended March 31, 2024	2023	2022
		(₹ in million)		
Cash and cash equivalents at the beginning of the year	486.35	495.58	383.44	365.00
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(13.15)	10.40	18.43	(24.54)
Net increase/(decrease) in cash and cash equivalents	694.60	(19.63)	93.71	42.98
Cash and cash equivalents at the end of the year	1,167.80	486.35	495.58	383.44

Operating Activities

For the three months ended June 30, 2024

Net cash flow generated from our operating activities was ₹938.51 million for the three months ended June 30, 2024. Our profit before tax including share of associate from continuing operations was ₹686.20 million, which was adjusted for non-cash and other items in a net amount of ₹583.63 million, resulting in an operating profit before working capital changes of ₹1,269.83 million. The key adjustments to operating cash flows included (i) an increase in inventory of ₹393.39 million; (ii) an increase in trade receivables of ₹151.67 million; and (iii) an increase in trade payables, other liabilities other financial assets and decrease in provisions of ₹364.63 million.

Fiscal 2024

Net cash flow generated from our operating activities was ₹3,743.40 million for Fiscal 2024. Our profit before tax from continuing operations was ₹2,562.97 million, which was adjusted for non-cash and other items in a net amount of ₹(2,230.46) million, resulting in an operating profit before working capital changes of ₹4,793.43 million. The key adjustments to operating cash flows included (i) an increase in inventory of ₹479.48 million; (ii) an increase in trade receivables of ₹310.27 million; and (iii) an increase in trade payables, other financial assets and decrease in other liabilities and provisions of ₹393.82 million.

Fiscal 2023

Net cash flow generated from our operating activities was ₹2,564.18 million for Fiscal 2023. Our profit before tax from continuing operations was ₹2,032.32 million, which was adjusted for non-cash and other items in a net amount of ₹(1,911.31) million, resulting in operating cash flows before working capital changes of ₹3,943.63 million. The key adjustments to operating cash flows included (i) an increase in trade receivables of ₹235.12 million; (ii) an increase in inventories of ₹933.60 million; and (iii) an increase in trade payables and other liabilities and decrease in other financial assets and provisions of ₹345.09 million.

Fiscal 2022

Net cash flow generated from our operating activities was ₹2,130.65 million for Fiscal 2022. Our profit before tax from continuing operations was ₹1,783.68 million, which was adjusted for non-cash and other items in a net amount of ₹(1,713.92) million, resulting in an operating profit before working capital changes of ₹3,497.60 million. The key adjustments in operating cash flows included (i) an increase in trade receivables of ₹934.58; (ii) an increase in inventory of ₹(290.34) million; and (iii) an increase in trade payables, other financial asset, and other liabilities and provisions of ₹287.17 million.

Investing Activities

For the three months ended June 30, 2024

Net cash used in investing activities was ₹1,314.90 million during the three months ended June 30, 2024, which was primarily due to ₹1,151.16 million used for the purchase of property, plant, and equipment.

Fiscal 2024

Net cash used in investing activities was ₹3,683.43 million during Fiscal 2024, which was primarily due to ₹3,355.52 million used for the purchase of property, plant, and equipment.

Fiscal 2023

Net cash used in investing activities was ₹2,408.79 million during Fiscal 2023, which was primarily due to ₹2,420.23 million used for the purchase of property, plant, and equipment.

Fiscal 2022

Net cash used in investing activities was ₹2,553.13 million during Fiscal 2022, which was primarily due to ₹2,668.28 million used for the purchase of property, plant, and equipment.

Financing Activities

For the three months ended June 30, 2024

Net cash generated from financing activities was ₹1,070.99 million during the three months ended June 30, 2024, primarily due to proceeds of ₹1,321.52 million from our non-current borrowings and ₹123.15 million from our current borrowings. This was partially offset by ₹191.56 million used for interest paid on our borrowings and ₹272.14 million used for repayment of non-current borrowings.

Fiscal 2024

Net cash generated from financing activities was ₹(79.60) million during Fiscal 2024, primarily due to proceeds of ₹1,130.39 million from our non-current borrowings and ₹1,004.58 million from our current borrowings. This was partially offset by ₹742.93 million used for interest paid on our borrowings and ₹1,241.60 million used for repayment of non-current borrowings.

Fiscal 2023

Net cash generated from financing activities was ₹(61.68) million during Fiscal 2023, primarily due to proceeds of ₹1,708.79 million from our non-current borrowings and ₹344.37 million from our current borrowings. This was partially offset by ₹557.44 million used for interest paid on our borrowings and ₹1,380.88 million used for repayment of non-current borrowings.

Fiscal 2022

Net cash generated from financing activities was ₹465.46 million during Fiscal 2022, primarily due to proceeds of ₹1,606.01 million from our non-current borrowings and ₹464.91 million from our current borrowings. This was partially offset by ₹515.43 million used for interest paid on our borrowings and ₹1,099.93 million used for repayment of non-current borrowings.

Gross Debt and Borrowings

As at June 30, 2024, we had gross debt of ₹10,142.36 million, which consisted of non-current borrowings, current borrowings, lease liabilities and accrued interest.

Our loan agreements generally contain covenants, including limitations on the use of proceeds and restrictions on indebtedness, liens, asset sales, investments, transfer or ownership interests and certain changes in business. These covenants may limit our ability to pay dividends or make loans or advances to us, subject to the lender's waiver or consent. There were no defaults in repayment of principal or interest to lenders during the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022. See "*Risk Factors – Our financing agreements contain covenants that limit our flexibility in operating our business and there have been instances of non-compliance with covenants under financing agreements in the past*" on page 74.

The following table provides details of our gross debt as at the dates indicated:

Particulars	**As at June 30, 2024**	**As at March 31,**		
		2024	**2023**	**2022**
	(₹ in million)			
Non-current borrowings	3,489.19	2,515.86	2,630.25	2,335.04
Current borrowings	5,696.19	5,495.13	4,490.86	4,116.40
Lease liabilities	943.99	895.60	921.13	1,013.14
Accrued interest	12.99	11.93	27.20	9.63
Gross Debt	**10,142.36**	**8,918.52**	**8,069.44**	**7,474.21**

We had borrowings with floating interest rates of ₹9,184.96 million, ₹8,010.50 million, ₹7,120.32 million and ₹6,451.07 million as at June 30, 2024 and March 31, 2024, 2023 and 2022, respectively.

For details of security, repayment terms and interest rates for our borrowings as at March 31, 2024, see *"Financial Statements – Fiscal 2024 Audited Consolidated Financial Statements – Note 43 – Security deposits, other financial assets and loans" on page* F – 78.

Contractual Maturities of Financial Liabilities

The following table sets forth contractual maturities of financial liabilities as at March 31, 2024. The amounts are gross and undiscounted.

Particulars	Carrying Amount	Payment due by period Total	Less than 1 year	1 -2 years	Above 2 years
	(₹ in million)				
Non-current borrowings including current maturities	3,771.48	3,771.48	1,255.62	1,133.24	1,382.62
Current borrowings	4,239.51	4,239.51	4,239.51	–	-
Trade payables	3,557.67	3,557.67	3,557.67	–	-
Other financial liabilities	245.39	245.39	245.39	–	
Lease liabilities	895.60	895.60	99.50	114.88	681.22

Capital Expenditure

The following table sets forth additions to property, plant and equipment by category of expenditure for the periods and years indicated. These assets primarily relate to the expansion and maintenance of our manufacturing and engineering facilities.

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023
	(₹ in million)	
Lands	167.34	22.12
Buildings	12.78	61.95
Plant and machinery	751.38	198.73
Furniture and fixtures	1.98	2.95
Vehicles	14.77	4.49
Office equipment	4.35	5.20
Electrical installations	14.21	60.23
Computers	23.50	(14.75)
Leasehold improvements	2.04	(0.57)
Total	**992.35**	**340.34**

Particulars	Year ended March 31,		
	2024	2023	2022
	(₹ in million)		
Lands	62.00	95.78	30.63
Buildings	380.14	660.09	101.91
Plant and machinery	2,585.50	1,931.84	1,904.09
Furniture and fixtures	7.14	18.67	0.05
Vehicles	53.73	35.00	47.32
Office equipment	11.61	13.06	3.25
Electrical installations	190.50	85.10	26.67
Computers	36.54	26.55	26.44
Leasehold improvements	(3.74)	(5.56)	(6.51)
Total	**3,323.42**	**2,860.53**	**2,133.85**

Contingent Liabilities and Commitments

The following table sets our contingent liabilities and commitments as at June 30, 2024 as per the Unaudited Condensed Interim Consolidated Financial Statements.

Particulars	As at June 30, 2024 (₹ in million)
Contingent Liabilities	
Claims against the Group not acknowledged as debts:	
Excise duty, entry tax and service tax matters	102.89
Income tax matters	63.88
Customer claims	63.80
Other matters	22.07
Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,160.79

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosure on Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans, borrowings, receivables and payables. The Group's activities expose it to a variety of financial risks, including effects of changes in foreign currency exchange rates and interest rate movement.

Qualitative Disclosure on Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to the Group's non-current debt obligations with floating interest rates.

Foreign Currency Risk

The Group is exposed to currency risk on certain transactions that are denominated in a currency other than the Group's functional currency, which is the Rupee, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Quantitative Disclosures on Market Risk

For quantitative disclosures on market risk as required by Ind AS 107: Financial Instruments: Disclosures for Fiscal 2024, see "*Financial Statements – Fiscal 2024 Audited Consolidated Financial Statements – Note 43*" on page F – 78.

For quantitative disclosures on market risk as required by Ind AS 107: Financial Instruments: Disclosures for Fiscal 2023, see "*Financial Statements – Fiscal 2023 Audited Consolidated Financial Statements – Note 43*" on page F – 140.

For quantitative disclosures on market risk as required by Ind AS 107: Financial Instruments: Disclosures for Fiscal 2022, see "*Financial Statements – Fiscal 2022 Audited Consolidated Financial Statements – Note 43*" on page F – 199.

Interest Coverage Ratio

The table below sets forth details in relation to our interest coverage ratio for the three months ended June 30 2024 and 2023 and Fiscals 2024, 2023 and 2022.

Particulars	**Three months ended June 30,**		**Year ended March 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
Profit for the period/year [A]	501.43	451.70	1,875.49	1,483.42	1,318.89
Add:					
Tax expense [B]	184.77	158.13	687.48	548.90	464.79
Finance costs [C]	192.62	189.26	770.06	615.10	510.13
Depreciation and amortisation expense [D]	399.59	348.70	1,494.80	1,300.80	1,197.03
Less:					
Other income [E]	3.98	4.26	24.26	100.69	154.93
Share of net profit of associates [F]	(0.85)	–	5.06	–	–
EBITDA[(1)] [G = A + B + C + D – E - F]	1,275.28	1,143.53	4,798.51	3,847.53	3,335.91
Interest Coverage Ratio[(2)] [H = G/C] (ratio)	**6.62**	**6.04**	**6.23**	**6.26**	**6.54**

Notes:

(1) EBITDA is a non-GAAP financial measure.

(2) Interest Coverage Ratio is the ratio of EBITDA to finance costs and is a non-GAAP financial measure.

Reservations, Qualifications and Adverse Remarks in the Auditor's Reports

There are no reservations, qualifications and adverse remarks by our Statutory Auditors in their reports on the Audited Consolidated Financial Statements, the Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Results. In addition, there are no reservations, qualifications and adverse remarks by our Statutory Auditors in their report on the audited consolidated financial statements as at and for the years ended March 31, 2021. Further, there are no are no reservations, qualifications and adverse remarks by our Company's previous statutory auditors in their report on the audited consolidated financial statements as at and for the years ended March 31, 2020.

However, the Statutory Auditor has included modification for certain matters specified in the Report on Other Legal and Regulatory Requirements in their audit report on the 2024 Audited Consolidated Financial Statements and audited standalone financial statements as at and for the year ended March 31, 2024. For details, please refer to the table below.

Financial year/period ended	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the company for each of the said reservations or qualifications or adverse remark
Financial year ended March 31, 2024	**In the Independent Auditor's Report on the Audit of the Standalone Financial Statements for the year ended March 31, 2024** Report on Other Legal and Regulatory requirements *"1(b), In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for not complying with the requirement of audit trail as stated in (i)(vi) below."* *" 1(f), The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above."* *"1(i)(vi), Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 wherein the accounting software did not have the audit trail feature enabled throughout the year (refer note 52 of the standalone financial statements)".*	Nil	The Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility, however, the same has not operated throughout the year for all relevant transactions recorded in the software. The Company is in process of implementing the changes in line with the regulation.

<table>
<tr>
<td>Financial year ended March 31, 2024</td>
<td>

In the Independent Auditor’s Report on the Audit of the Standalone Financial Statements for the year ended March 31, 2024

Adverse remark included in the report as required by Companies (Auditor’s report) order, 2020 issued by the Central government of India in terms of sub-section-11 of Section 143 of the Companies Act 2013.
In Clause (i)(c):
“According to the informations & explanations given to us, With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant & equipment & capital work in progress according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

<table>
<tr><th>Sl.no</th><th>Description of property-Freehold land located in</th><th>Gross carrying value (in Millions)</th><th>Held in the name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held</th><th>Reason for not being held in the name of company</th></tr>
<tr><td>1</td><td>Plot No. 143-B-8, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099</td><td>0.62
0.66</td><td>Gearock Forge Private Limited</td><td>No</td><td>From April 01, 2017, effective date as per the approved scheme</td><td rowspan="3">The title deeds are in the name of an erstwhile Subsidiary Company that was merged with the Company during the year 2017-18 under section 233 of the Companies Act, 2013 as per the Order received from the Ministry of Corporate Affairs. Not transferred in the name of the Company due to an ongoing dispute.</td></tr>
<tr><td></td><td>Site No. A1, Khata No. 344, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.</td><td>0.24</td><td>Gearock Forge Private Limited</td><td>No</td><td>From April 01, 2017, effective date as per the approved scheme</td></tr>
<tr><td></td><td>Plot No. 143-C-2, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.</td><td>3.08
3.57</td><td>Gearock Forge Private Limited</td><td>No</td><td>From April 01, 2017, effective date as per the approved scheme</td></tr>
</table>

</td>
<td>Nil</td>
<td>Our Company has filed an appeal for transfer of the land from the erstwhile Subsidiary company</td>
</tr>
<tr>
<td>Financial year ended</td>
<td>In the Independent Auditor’s Report on the Audit of the Consolidated Financial Statements for the year ended March 31, 2024</td>
<td>Nil</td>
<td>The Parent Company and</td>
</tr>
</table>

<table>
<tr><td>March 31, 2024</td><td>Report on Other Legal and Regulatory requirements

"1(b), In our opinion, proper books of account as required by law maintained by the Group and its associate including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except in relation to compliance with the requirements of audit trail, refer paragraph (i)(vi) below."

"1 (f), The modifications relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above."

"1(i)(vi), "Based on our examination which included test checks, the Parent and the subsidiary which are incorporated in India, have used accounting softwares for maintaining its books of account for the year ended March 31, 2024 wherein the accounting softwares did not have the audit trail feature enabled throughout the year (refer note 49 of the consolidated financial statements)".</td><td></td><td>the subsidiary incorporated in India have used accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility, however, the same has not operated throughout the year for all relevant transactions recorded in the software. The Group is in process of implementing the changes in line with the regulation.</td></tr>
<tr><td>Financial year ended March 31, 2024</td><td>In the Independent Auditor's Report on the Audit of the Consolidated Financial Statements for the year ended March 31, 2024

With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph (4) of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent and the auditors of the subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is applicable and based on the identification of matters of qualifications or adverse remarks in the CARO report by us, we report that in respect of the Company where audit have been completed under Section 143 of the Act, the auditor of Company have not reported any qualifications or adverse remarks except for the following:

<table>
<tr><th>Name of the Company</th><th>CIN</th><th>Nature of relationship</th><th>Clause Number of CARO report with qualification or adverse remark</th></tr>
<tr><td>Fitwel Tools and Forgings Private Limited</td><td>U29220KA1983PTC005690</td><td>Subsidiary</td><td>Clause (ix)(d)</td></tr>
</table></td><td>Nil</td><td>Fitwel Tools and Forgings Private Limited has ensured the short-term loan are not used for long term purposes and accordingly necessary and required steps are implemented.</td></tr>
</table>

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<td>
In respect of the following Company included in the consolidated financial statements of the Company, whose audit under Section 143 of the Act has not yet been completed, the CARO report as applicable in respect of this Company is not available and consequently has not been provided to us as on the date of this audit report:
<table>
<tr><th>Name of the Company</th><th>CIN</th><th>Nature of relationship</th></tr>
<tr><td>MMRFIC Technology Private Limited</td><td>U72200KA2014PTC077359</td><td>Associate</td></tr>
</table>
In the Independent Auditor’s Report on the Audit of the Standalone Financial Statements of Fitwel Tools and Forgings Private Limited for the year ended March 31, 2024
Clause (ix)(d): “On an overall examination of the financial statements Of the Company, funds raised on short-term basis aggregating Rs. 5.02 million have been used for long term purposes.”
</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial year ended March 31, 2023</td>
<td>
In the Independent Auditor’s Report on the Audit of the Standalone Financial Statements for the year ended March 31, 2023
Adverse remark included in the report as required by Companies (Auditor’s report) order, 2020 issued by the Central government of India in terms of sub-section-11 of Section 143 of the Companies Act 2013.
In Clause (i)(c):
“According to the informations & explanations given to us, with respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant & equipment & capital work in progress according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:
<table>
<tr><th>Sl.no</th><th>Description of property- Freehold land located in</th><th>Gross carrying value (in Millions)</th><th>Held in the name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held</th><th>Reason for not being held in the name of company</th></tr>
<tr><td>1</td><td>Plot No. 143-B-8, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099</td><td>0.62
0.66</td><td>Gearock Forge Private Limited</td><td>No</td><td>From April 01, 2017, effective date as per the approved scheme</td><td rowspan="2">The title deeds are in the name of an erstwhile Subsidiary Company that was merged with the Company during the year 2017-18 under section 233 of the</td></tr>
<tr><td></td><td>Site No. A1, Khata No. 344, Bommasandra Industrial</td><td>0.24</td><td>Gearock Forge Private Limited</td><td>No</td><td>From April 01, 2017, effective date as</td></tr>
</table>
</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</table>

	Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.				*per the approved scheme*	*Companies Act, 2013 as per the Order received from the Ministry of Corporate Affairs. Not transferred in the name of the Company due to an ongoing dispute.*
	Plot No. 143-C-2, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	*3.08* *3.57*	*Gearock Forge Private Limited*	*No*	*From April 01, 2017, effective date as per the approved scheme*	

Financial year ended March 31, 2022	**In the Independent Auditor's Report on the Audit of the Standalone Financial Statements for the year ended March 31, 2022** Adverse remark included in the report as required by Companies (Auditor's report) order, 2020 issued by the Central government of India in terms of sub-section-11 of Section 143 of the Companies Act 2013. *In Clause (i)(c):* *"According to the informations & explanations given to us, with respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant & equipment & capital work in progress according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:*	Nil	Nil

Sl.no	***Description of property-Freehold land located in***	***Gross carrying value (in Millions)***	***Held in the name of***	***Whether promoter, director or their relative or employee***	***Period held***	***Reason for not being held in the name of company***
1	*Plot No. 143-B-8, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099*	*0.62* *0.66*	*Gearock Forge Private Limited*	*No*	*From April 01, 2017, effective date as per the approved scheme*	*The title deeds are in the name of an erstwhile Subsidiary Company that was merged with the Company during the year 2017-18 under section 233 of the Companies Act, 2013 as per the*
	Site No. A1, Khata No. 344, Bommasandra Industrial Area, Hebbagodi Village,	*0.24*	*Gearock Forge Private Limited*	*No*	*From April 01,2017, effective date as per the approved*	

<table>
<tr>
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<table>
<tr><td></td><td>Attibele Hobli, Anekal Taluk, Bengaluru 560099.</td><td></td><td></td><td></td><td>scheme</td><td rowspan="2">Order received from the Ministry of Corporate Affairs. Not transferred in the name of the Company due to an ongoing dispute.</td></tr>
<tr><td></td><td>Plot No. 143-C-2, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.</td><td>3.08
3.57</td><td>Gearock Forge Private Limited</td><td>No</td><td>From April 01, 2017, effective date as per the approved scheme</td></tr>
</table>
</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial year ended March 31, 2021</td>
<td>
In the Independent Auditor’s Report on the Audit of the Standalone Financial Statements for the year ended March 31, 2021

Adverse remark included in the report as required by Companies (Auditor’s report) order, 2020 issued by the Central government of India in terms of sub-section-11 of Section 143 of the Companies Act 2013.

In clause (i)(c):

“According to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land & buildings which are freehold,are held in the name of the Company as at the balance sheet date, except for the following:
<table>
<tr><th>Particulars of the land</th><th>Amount</th><th>Remarks</th></tr>
<tr><td>Lands located at plot 143-B-8,
143-C-2 and Site No.A1 at Bommasandra Industrial Area,
Hebbagodi Village, Anekal taluk,
Bengaluru,</td><td>8 Millions</td><td>The title deeds are in the name Of Gearock Forge Private Limited, an erstwhile subsidiary company that was since merged with the Company under Section 233 of the Companies Act, 2013 as per the order received from Ministry of Corporate Affairs.</td></tr>
</table>
</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</table>

Significant Developments after June 30, 2024

Except as disclosed elsewhere in this Preliminary Placement Document, our Company is not aware of any circumstances that have arisen since June 30, 2024 that have a material, adverse effect on, or are likely to affect, our operations or profitability, the value of our assets or our ability to pay our liabilities within the next 12 months.

INDUSTRY OVERVIEW

Industry and market data used in this section have been derived from the CRISIL Report, which was commissioned by our Company for the purpose of the Issue for an agreed fee. For more details, see "Industry and Market Data" on page 19.

For risks in relation to the CRISIL Report, see "Risk Factors – Statistical and industry data in this Preliminary Placement Document are derived from the CRISIL Report, which was commissioned by our Company for the purpose of the Issue for an agreed fee. The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions" on page 85.

Except as noted otherwise, all forward looking statements, estimates and projections in this section are CRISIL MI&A's forward-looking statements, estimates and projections.

References in this section to a particular "fiscal" are to the year ended March 31 of that year.

MACROECONOMIC OVERVIEW OF INDIAN AND GLOBAL ECONOMY

Overview of global economy

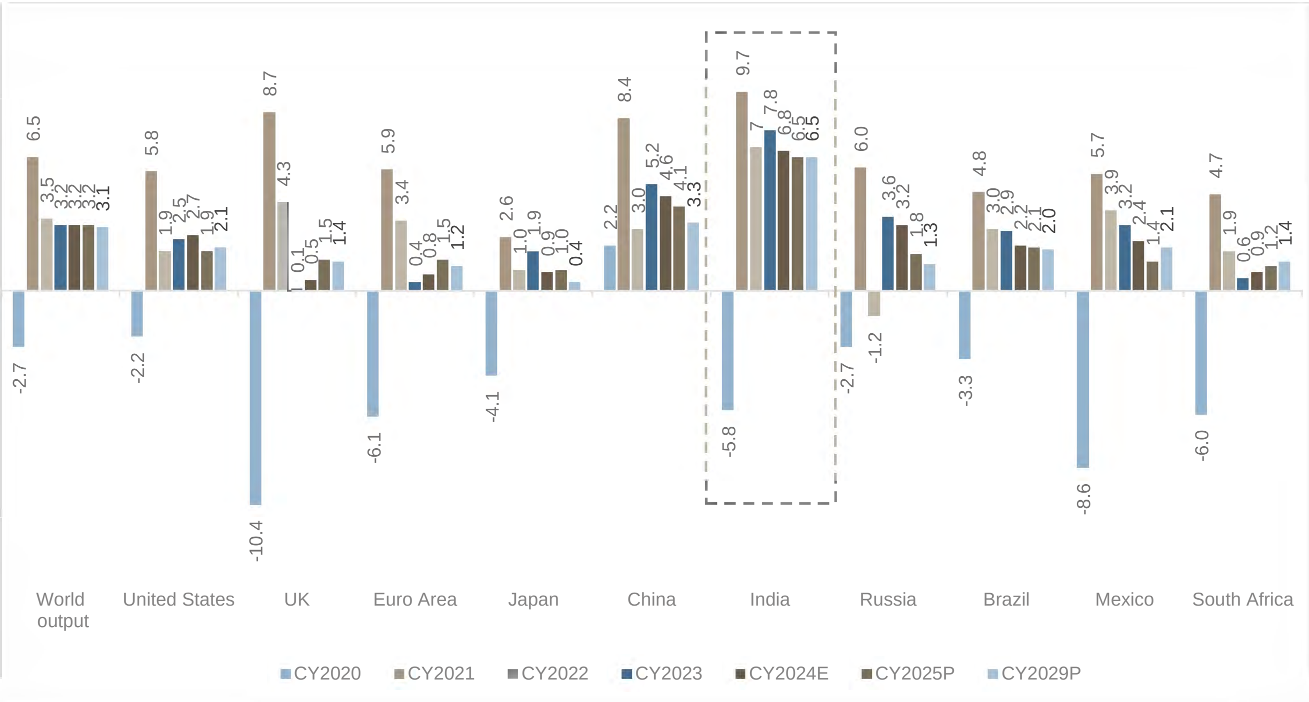
Review and outlook of global GDP and GDP growth

The global economy continues to recover from challenges heaped by geopolitical uncertainties in Europe and the Middle East, and considerable tightening of global monetary conditions to address elevated inflation. In fact, a return to the pre-pandemic growth rate was challenging, particularly in the case of emerging and developing economies, owing to the convergence of factors such as long-term fallout of the pandemic and increasing geoeconomic fragmentation. Other issues include elevated central bank policy rates in several emerging and developed economies to control inflation and withdrawal of fiscal support amid high debt levels, and extreme weather events.

Despite these challenges, the Indian economy saw strong growth momentum, with a major push fueled by investments and sectors such as information technology, services, agriculture and manufacturing.

Since December 2023, attacks by Houthi rebels on commercial shipping in the Red Sea have caused significant disruptions to global trade and supply chains. As a result, major container shipping lines have rerouted vessels around the Cape of Good Hope, extending transit times between Asia and Europe by an average of 10 days. These longer routes have increased operational costs for carriers and businesses, including higher fuel consumption, freight rates, and insurance premiums. The reduced availability of ships has led to capacity shortages, further compounding supply chain uncertainty. Additionally, the diversions have caused port congestion in Asia and Europe, while several European auto plants have temporarily halted production due to delays in receiving critical parts from Asia.

Nominal GDP growth of key economies



CY – calendar year
Note: Euro area comprises 19 member countries of the EU
Source: International Monetary Fund (IMF; World Economic Outlook – April 2024 update), CRISIL MI&A Consulting

As per the International Monetary Fund's (IMF) World Economic Outlook:

- The global real GDP growth is estimated at 3.2% in the CY2024 with the forecast 0.1% higher than the previous estimates due to the upgrades for China, the United States (US), large emerging markets and developing economies. The forecast for CY2024 is however below the historical (CY2000-2019) annual average of 3.8% due to elevated central bank policy rates to fight inflation, a withdrawal of fiscal support by major economies amid high debt weighing on economic activity and low underlying productivity growth.

- In the case of advanced economies which include the US, Japan and Euro area, growth is projected to rise from 1.6% in CY2023 to 1.7% in CY2024. A marginal upward revision of 0.2% for CY2024 compared with previous estimates of 1.5% is due to stronger growth momentum in the US that is partly offset by weaker growth in the Euro area.

- The growth rate in emerging market and developing economies which include China, India, Russia, Brazil, Mexico, and South Africa is expected to remain at 4.2% in CY2024, with a moderation in emerging and developing Asian countries such as India and China's growth offset mainly by rising growth for economies in Middle East, Central Asia and Sub-Saharan Africa. Emerging and developing economies are expected to experience stable growth through CY2024 and CY2025 albeit with some regional differences.

REVIEW AND OUTLOOK ON THE GLOBAL LIGHT VEHICLE INDUSTRY (INCLUDES PV AND LCV)

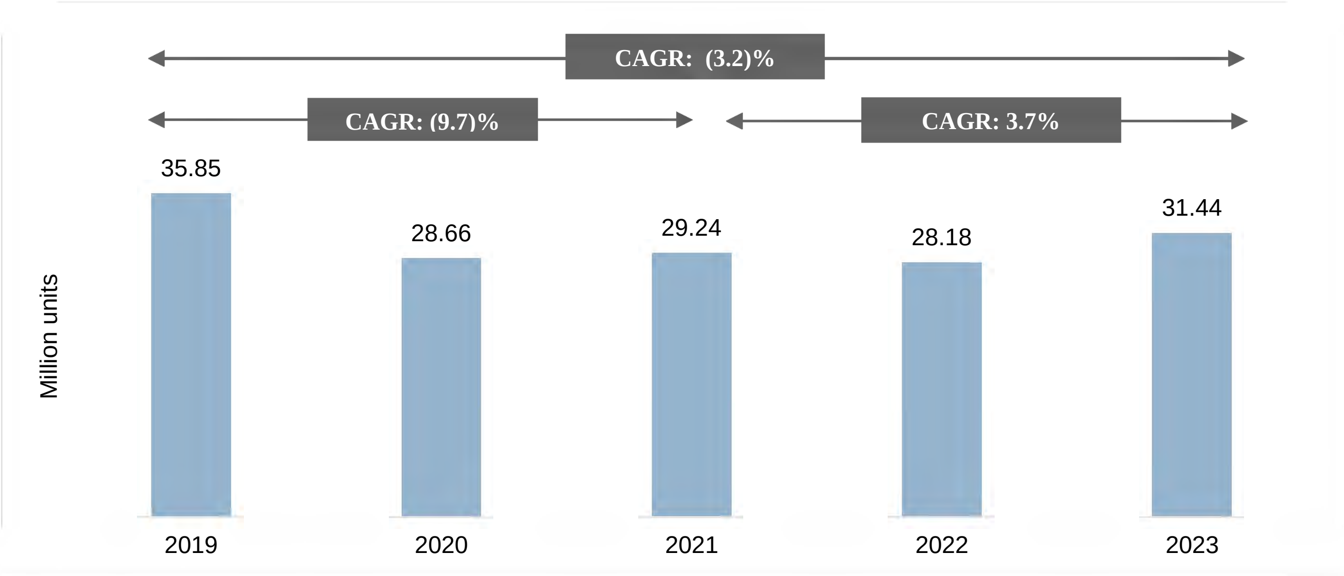
Review and Outlook on Passenger Vehicle Industry (2019-2023)

Global Passenger Vehicle Review and Production

The global passenger car industry saw many ups and downs from (Calendar Year) CY2019 to 2023, characterized by soaring highs, plummeting lows and a cautious shift towards a new normal. This period witnessed a pre-pandemic boom, fueled by rising disposable incomes and technological advancements, followed by a pandemic-induced slump that challenged the industry's very foundation. As the dust settles, a nascent recovery is underway, intertwined with the transformative rise of EVs. There was 12.79% of electric vehicle penetration in terms of production in the light vehicle segment in the CY2023.

Historic production development (2019-2023)

Review of global PV sales volumes



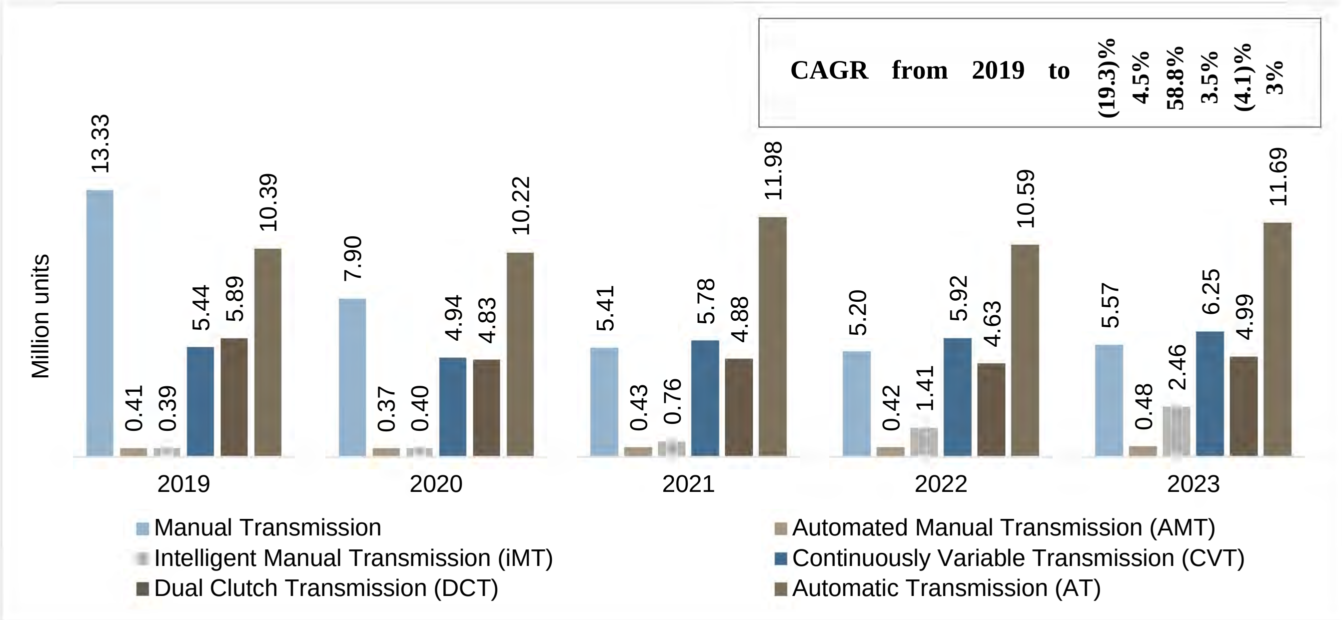
Note: Above figures comprise of sales for United States, Europe, and ASEAN countries

Source: Mordor Intelligence, CRISIL MI&A

Passenger car sales boomed globally in 2019, then plummeted during the pandemic (2020-2021). A tentative recovery began in 2022-2023 as the markets started opening up gradually after the pandemic abated. Between 2019 and 2021, the global passenger vehicles industry logged a CAGR of (9.7)%. Further, between 2021 and 2023, the industry clocked a CAGR of 3.7% with volumes reaching up to 31.44 million units. Between 2019 to 2023, the industry logged a CAGR of (3.2)% on account of a mix of major downturns and gradual upticks.

While the challenges posed by the pandemic were immense and put the industry in a spot, there were also a few drivers that kept it moving. The rise of a strong middle class with growing disposable income fuelled a surge in demand for new cars, particularly SUVs, owing to their perceived practicality and status symbol appeal. Automakers focused on cost-effective ways to improve fuel efficiency and safety features, catering to budget-conscious consumers in both developed and emerging markets. This led to a rise in the popularity of smaller, more efficient cars and advancements in in-vehicle technology such as navigation, entertainment systems, and driver-assistance features became a key differentiator for carmakers, attracting tech-savvy consumers.

Review of global PV sales volumes based on transmission type



Note: Above figures comprise sales for US, Europe and ASEAN countries

Source: Mordor Intelligence, CRISIL MI&A

The ICE may have dominated the roads for over a century, but the way it delivers power to the wheels has evolved over time. Once relegated to a niche segment, automatic transmission is experiencing a global surge in popularity, driven by a fundamental shift in consumer preferences.

Automatic transmission has witnessed a significant uptick, escalating from contributing 29% in 2019 to 37% in 2023. This surge is attributed to worsening traffic conditions, increasing affordability and growing consumer preference for comfort. Notably, in the premium segment, there is a discernible shift towards smoother driving experiences, fuelling the demand for automatic transmission, continuously variable transmission (CVT) and dual clutch transmission (DCT) technologies.

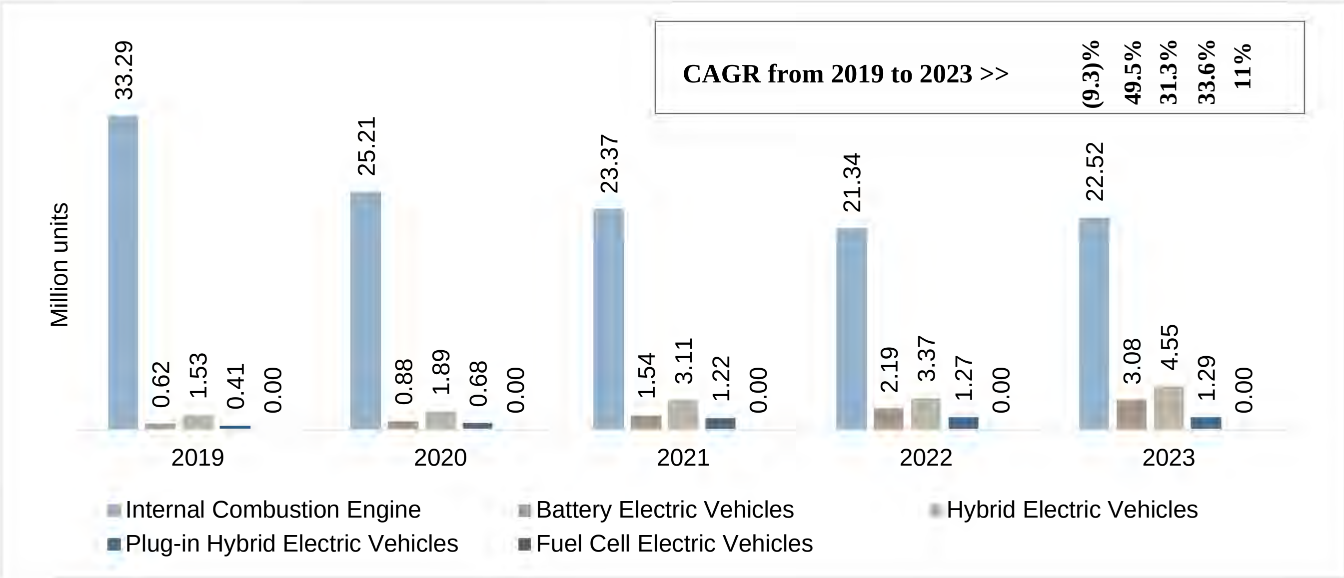
For decades, manual transmission reigned supreme, particularly in markets where fuel efficiency was paramount. Its simple design and direct connection between the driver and engine offered exceptional control and minimised energy loss. However, several factors have led to a change in this scenario.

The rise of urbanisation: The constant stop-and-go driving of urban environments is far less suited to the constant clutch modulation and gear changes required by manual transmission. Automatic transmission with its seamless operation offers a far more comfortable and less stressful driving experience in these conditions.

The comfort factor: Consumer preferences are tilting towards convenience and a smoother driving experience. The ease of use and minimal driver intervention offered by automatic transmission is increasingly valued, especially by a growing demographic of older drivers who may find the physical demands of manual transmission less appealing.

Technological advancements: Automatic transmissions have not remained stagnant. Advancements in technology have led to significant improvements in their fuel efficiency, making them a more viable option for eco-conscious drivers. Additionally, the development of new automatic transmission types, such as CVT and DCT, offers a wider range of driving experiences, catering to both comfort-seeking individuals and performance enthusiasts. CVTs, due to their focus on fuel efficiency, smooth driving experience, and ease of operation, that aligns well with the needs of many car buyers, have gained considerable momentum over the years. Its overall share increased from 15% in 2019 to 20% in 2023, marking its strong existence amongst the other transmission counterparts.

Review of global PV sales volumes based on powertrain type



Note: The above figures comprise sales for United States, Europe and ASEAN countries

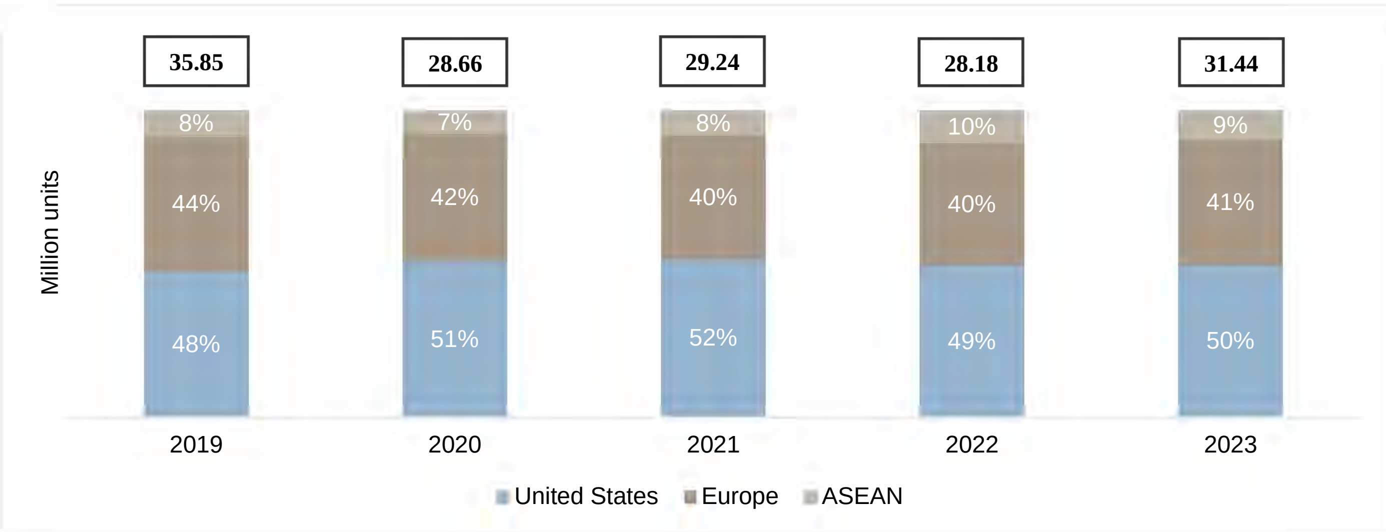
Source: Mordor Intelligence, CRISIL MI&A

The global passenger cars industry is undergoing a seismic shift, fuelled by a growing urgency to address environmental concerns and achieve sustainable transportation solutions. The once-dominant ICE is facing increasing competition from a diverse range of alternative powertrains, fundamentally altering the landscape of the industry.

For over a century, ICE vehicles reigned supreme. Their established infrastructure of gas stations and familiarity to consumers offered unmatched convenience and freedom of movement. This dominance fuelled a global car manufacturing industry focused on optimising ICE technology for performance, efficiency and affordability. However, the tide began to turn with growing scientific consensus on the detrimental impact of greenhouse gas emissions from fossil fuel combustion. Stringent emission regulations and rising public awareness about climate change forced the industry to confront the environmental cost of its core product.

Global passenger car sales by geography type

Review of global PV sales volume share by geography type



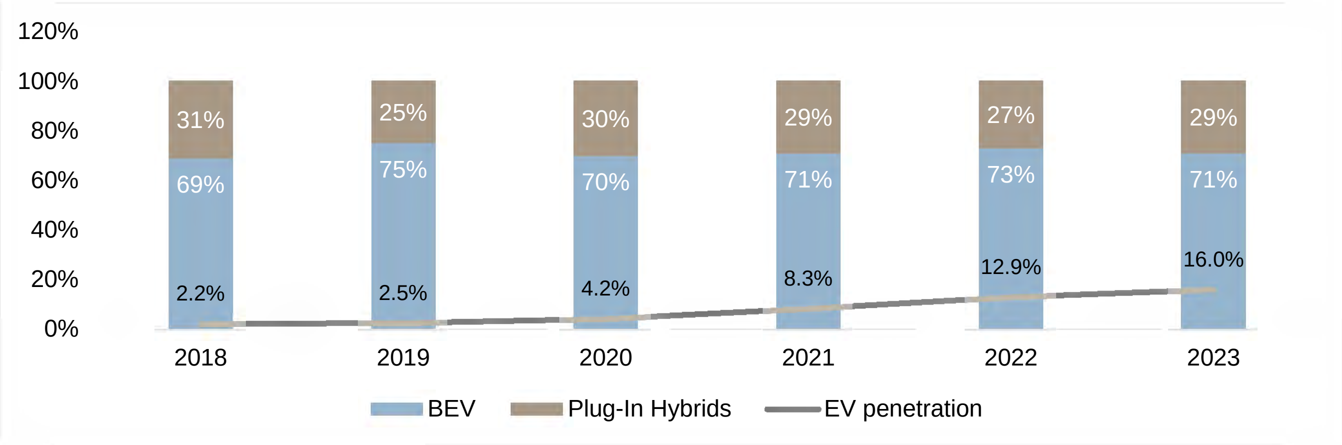
Source: Mordor Intelligence, CRISIL MI&A

The narrative of global passenger car sales from 2019 to 2023 unfolds differently depending on the region. However, a common thread across all regions is the anticipated surge in EV adoption. Government incentives and growing environmental concerns are likely to accelerate EV sales, shaping the future of the global passenger car market. While the pace of this shift might vary by region, EVs are expected to be a dominant force in the years to come.

Expected Trends in Passenger Vehicle Industry

The electric revolution

Review of electrification trend in global PV sales (BEVs dominance in the electric alternatives lot)



Note: EV penetration is the percentage of overall sales

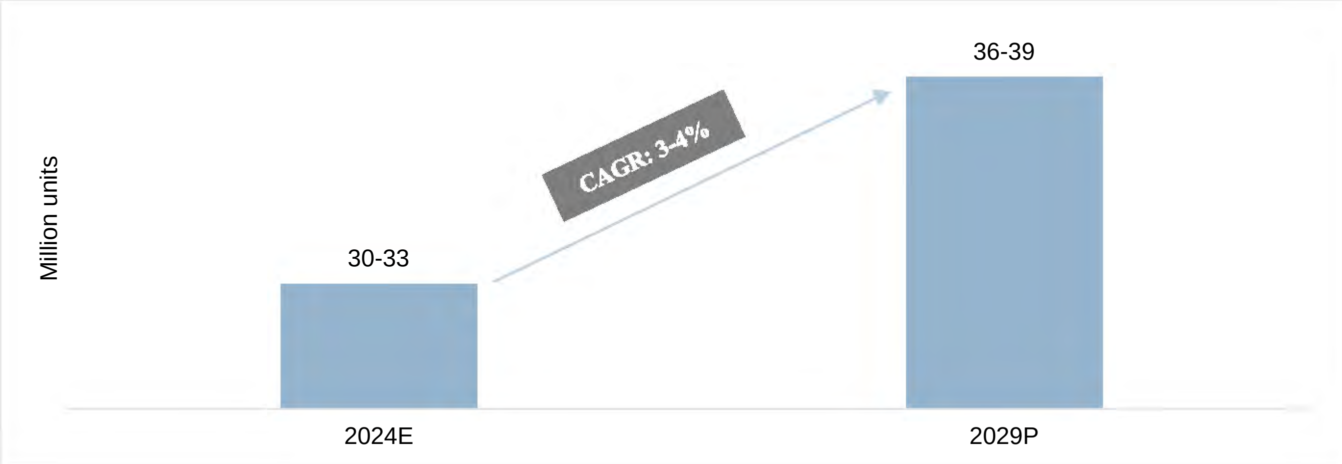
Source: EV-volumes.com, CRISIL MI&A

Battery electric vehicles (BEVs) emerged as the vanguard of the electric revolution. Their zero-tailpipe emissions and silent operation offered a compelling alternative to polluting ICE vehicles. Governments around the world started offering subsidies and incentives for BEV purchases, further accelerating their adoption. This spurred significant investments from car manufacturers in research and development, leading to advancements in battery technology, range improvement and charging infrastructure development. While initial concerns about driving range and charging availability remain hurdles, the industry is actively addressing them through advancements in battery density and the expansion of charging networks. Major car manufacturers are now dedicating a significant portion of their resources to BEV development, recognising their potential as the future of personal transportation.

Hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) offer a bridge between the familiar ICE technology and the future of electric mobility. HEVs combine an electric motor with a gasoline engine, allowing for electric-only driving at low speeds and utilising the gasoline engine for longer journeys. PHEVs operate similarly but boast of larger battery packs that can be charged from an external source, enabling an extended electric-only driving range as compared to HEVs. These hybrid options cater to consumers who are hesitant to fully commit to BEVs due to range anxiety but still desire the environmental benefits of electric propulsion. The industry is constantly refining hybrid technology, focusing on improving electric range and reducing dependence on gasoline engines.

Outlook on the Global Passenger Vehicle Industry

Outlook of overall global PV sales volume



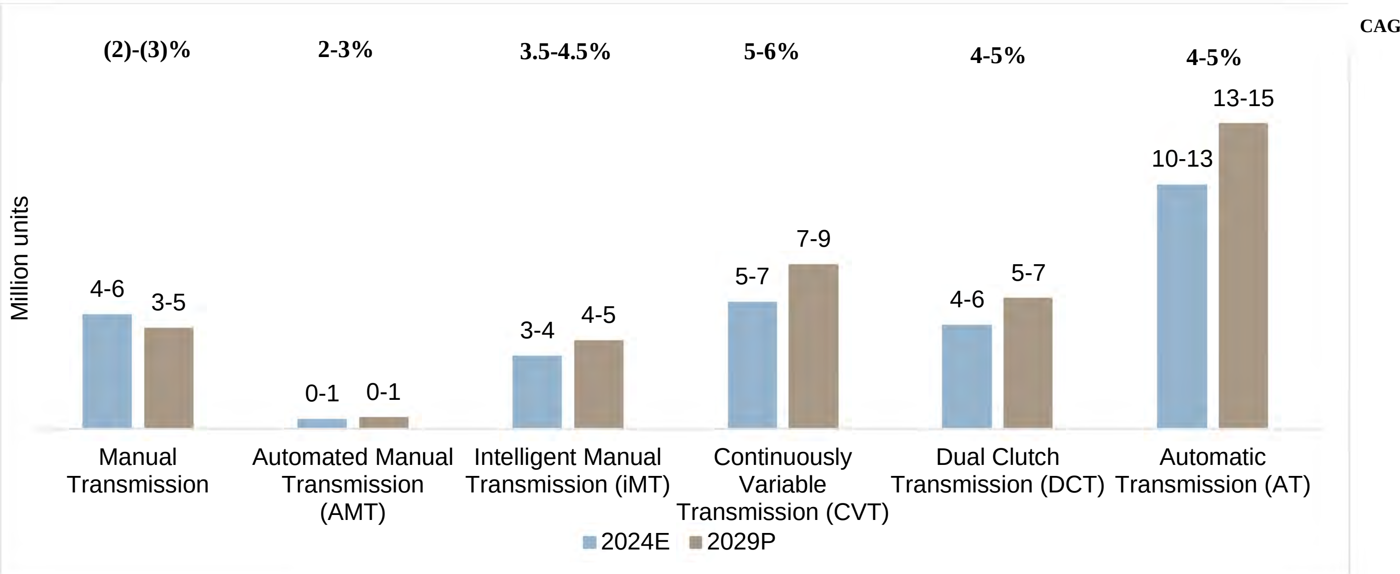
Note: Figures above include sales for the United States, Europe, and ASEAN countries

Source: Mordor Intelligence, CRISIL MI&A

The global passenger car market is expected to experience moderate growth from 2024 to 2029 at a slower pace than before the pandemic. This can be attributed to factors such as global economic uncertainty and ongoing supply chain issues. In addition, shifting consumer preferences towards electric vehicles and alternative ownership models could put a dent in traditional car sales. However, rising demand in emerging markets, advancement in EV technology, and government incentives promoting clean transportation could counter these trends. The future of the passenger car market hinges on a complex interplay of these forces.

On an overall level, the global PV market is expected to witness a CAGR of 3-4% between 2024-2029 with volumes reaching up to 36-39 million units in 2029.

Outlook of overall global PV sales volume by transmission type



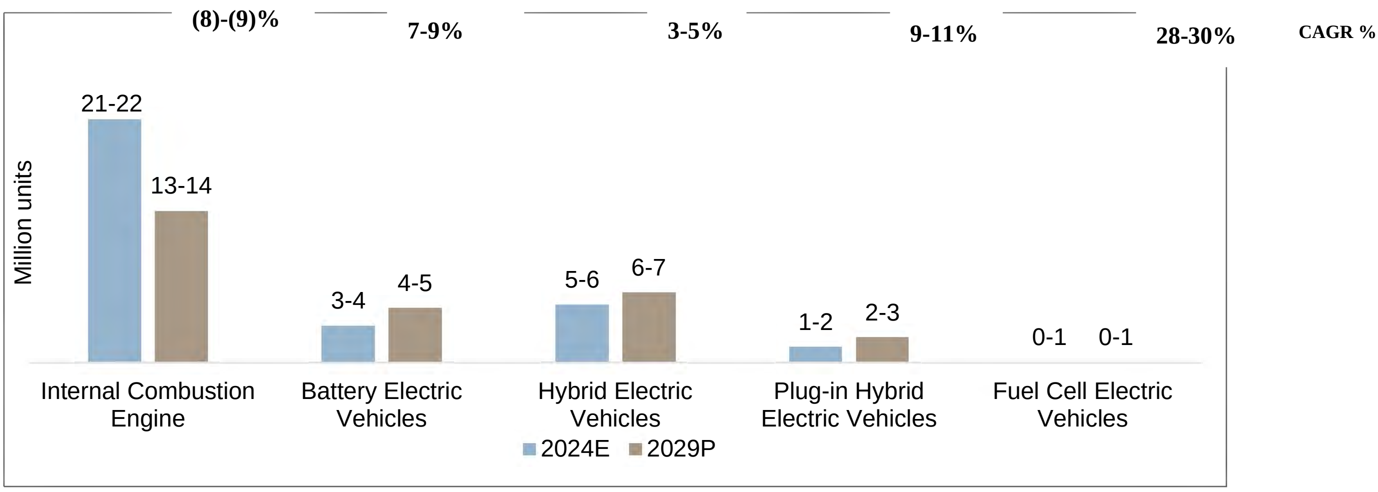
Note: Figures above include sales for the United States, Europe, and ASEAN countries

Source: Mordor Intelligence, CRISIL MI&A

The global passenger car market by transmission type is poised for a shift between 2024 and 2029. Automatic transmissions, particularly torque converters, are expected to hold strong due to their comfort. ATs are expected to witness a CAGR of 4-5% between 2024-2029 and reach 13-15 million units by 2029.

However, manual transmissions are expected to decline by 2-3% between 2024-2029, as consumers prioritise comfort and advancement make automatics more fuel-efficient. Continuously variable transmissions (CVTs) are expected to rise significantly in popularity for their smooth and potentially fuel-efficient driving experience along with seamless acceleration. In addition, in the wake of growing concerns regarding climate change and fuel consumption, there is an increasing emphasis on enhancing fuel efficiency in vehicles. CVT enables optimized engine performance, achieving higher fuel efficiency and reduced carbon footprint. Dual-clutch transmissions (DCTs) on the other hand might see a niche increase in performance cars. The biggest change is expected to be the rise of electric vehicles, which will reduce the need for traditional transmissions altogether. This presents a strategic advantage for DCT technology, positioning it favorably for substantial penetration growth in the passenger vehicle segment in the forthcoming years.

Outlook of overall global PV sales volume by powertrain type



Note: Figures above include sales for the United States, Europe, and ASEAN countries excluding China

Source: Mordor Intelligence, CRISIL MI&A

The global passenger car market pie will be led by ICE vehicles largely, which were a significant player initially, however certain shift towards cleaner alternatives, particularly BEVs would be seen. BEVs are expected to log a CAGR of 7-9% to reach approximately 4-5 million units by 2029. Rising fuel costs, stricter emission regulations, and advancement in battery technology will incentivize consumers to move towards BEVs. Government support for BEVs and investment in charging infrastructure will further accelerate this transition.

Hybrid electric vehicles (HEVs) are expected to maintain a steady presence, offering a middle ground for those hesitant to fully commit to BEVs due to charging limitations thus clocking a CAGR of 3-5% between 2024-2029. However, PHEVs and FCEVs are likely to remain niche players due to charging infrastructure limitations (PHEVs) and the high cost and limited refuelling stations (FCEVs). The future of car powertrains will be a fascinating interplay of adaptation and innovation, with BEVs leading the charge towards a cleaner and more sustainable transportation landscape.

Review and Outlook on Light Commercial Vehicle Industry

Production Review and Outlook on Light Commercial Vehicle Industry

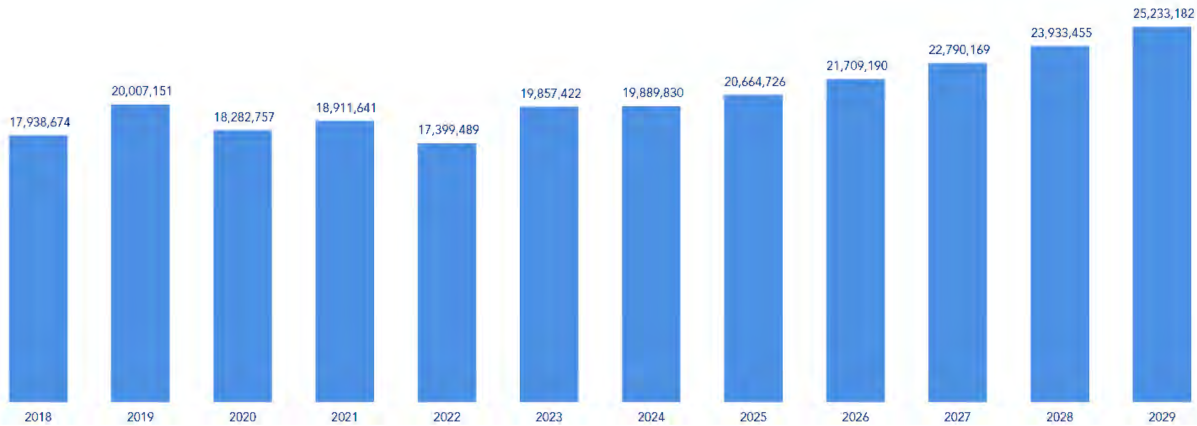
Global Light Commercial Vehicle Market was valued at USD 702.98 Billion in 2023 with ~19.8 million units of sales and is expected to reach USD 986.38 Billion by 2029, witnessing a CAGR of 6.64% between 2024-2029 in value terms and 4.87% CAGR in volume terms.

Factors like increasing regulations on vehicle emissions, vehicle safety advancement, driver-assist systems in vehicles, and rapidly growing logistics in the retail and e-commerce sectors have been significantly driving the demand for the new and advanced commercial vehicles in the market studied. There was 2.56% of electric vehicle penetration in terms of production in the commercial vehicle segment.

Market for LCV is expected to surge in demand due to the rapid growth of the logistics and e-commerce industries. Further growth with urbanization happening at a breakneck pace, new retail and e-commerce platforms have emerged, which require efficient logistics.

Fig: Automotive Market, volume in units, light commercial vehicle, 2018-2029

CAGR (2024 TO 2029): 4.87%



Source: Mordor Intelligence

Vans find usage in several applications and segments of the European economy, i.e., construction, postal and courier services, law enforcement, and light duty passenger transport applications. Demand has significantly increased due to the logistics and last-mile delivery needs of e-commerce giants like Amazon.

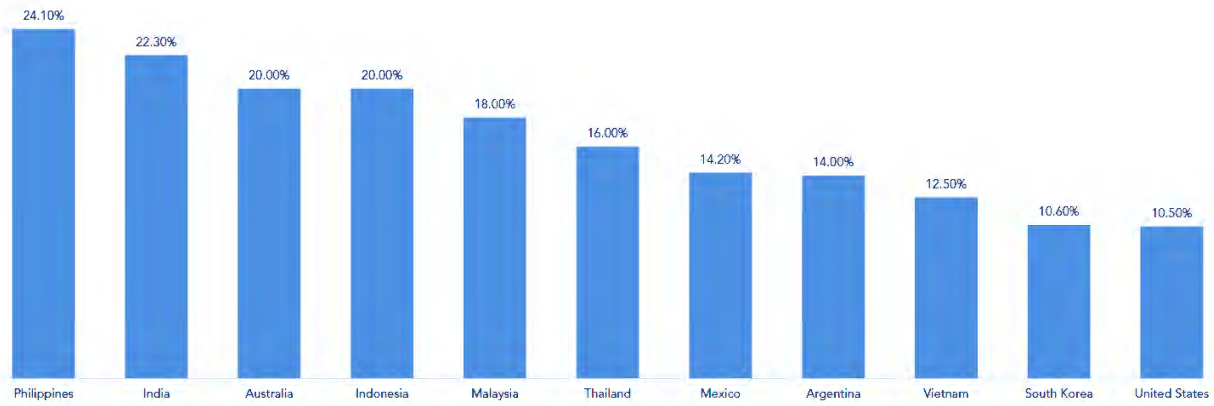
Governments worldwide are putting pressure on vehicle manufacturers to reduce carbon emissions caused by diesel fuel combustion and tackle greenhouse gas emissions, pushing them to invest in developing electric trucks (e-trucks). Rapid expansion of e-commerce and logistics industries across the major countries, including Europe, the United States, and China, is pushing the demand for a more modern distribution network, which, in turn, is likely to increase the demand for light commercial vehicles.

Expected Trends in Light Commercial Vehicle Industry

Growing e-commerce and logistics industry

Logistics companies continuously search for ways to streamline their processes and cut expenses in today's fast-paced world. Cost-effectiveness is a major component driving demand for light commercial vehicles, or LCVs. Businesses of all sizes are using LCVs more and more because of their affordability, adaptability, and efficiency. The e-commerce and logistics sectors primarily drive the light commercial vehicle market. As more individuals gain access to the internet and smartphones, online retail sales and e-commerce are surging. Consequently, this trend is projected to boost purchases of light commercial vehicles, facilitating timely deliveries to customers. Consumers increasingly favor a blend of traditional and digital self-service methods, complemented by remote human interaction. Major countries, including Europe, the United States, and China, have witnessed rapid growth in the e-commerce and logistics sectors. This expansion necessitates modern distribution networks, driving up the demand for light commercial vehicles.

Fig: Leading countries based on retail e-commerce sales growth (%), 2023 (compared to 2022)



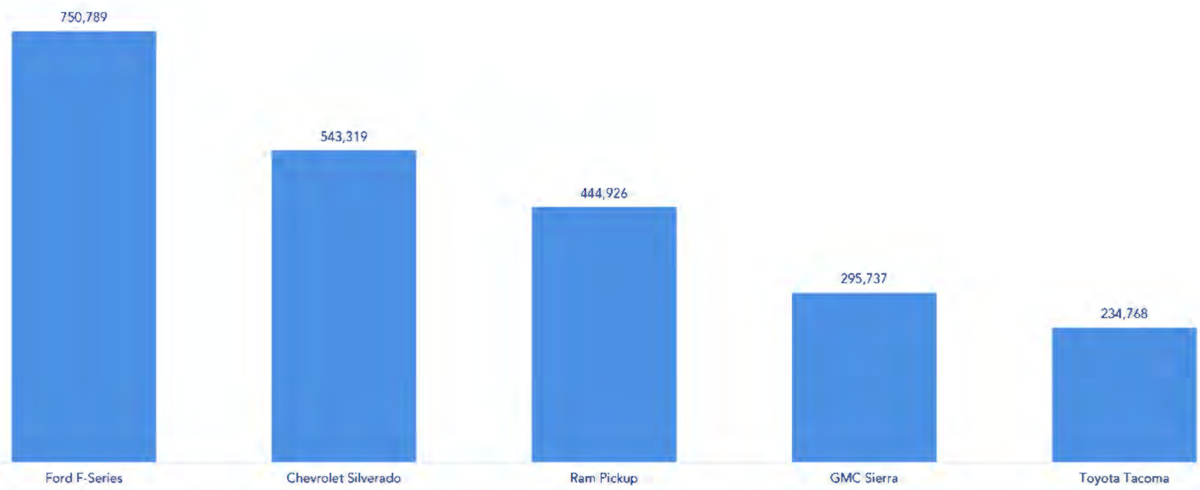
Source: Mordor Intelligence

Economic growth and urbanization may foster the expansion of target market

Light commercial vehicles (LCVs) have been in high demand recently in important markets like China, Europe, and North America. Numerous factors, such as the rapidly urbanizing and growing economies in these areas, are responsible for this spike in demand. The rapid urbanization occurring in North America, Europe, and China is one of the main factors driving the demand for LCVs. There is a growing demand for goods and services as more people move to cities in pursuit of better opportunities. Due to the increased demand for dependable and adaptable transportation options, LCVs are becoming the go-to option for both individuals and companies.

The demand for LCVs is also being fueled by laws and policies enacted by the government that are intended to lower carbon emissions and promote sustainable transportation. Many governments are using tax breaks and subsidies to encourage the adoption of electric and hybrid light-duty vehicles (LCVs) in an effort to combat climate change and improve air quality. The trend toward more environmentally friendly modes of transportation is fueling the LCV market's expansion. The demand for LCVs has also been significantly fueled by technological advancements in the automotive sector. With their advanced features and capabilities, modern LCVs are more cost-effective, dependable, and efficient. Owing to technological advancements like enhanced fuel efficiency and sophisticated safety systems, light-duty vehicles (LCVs) are becoming a desirable choice for companies seeking to optimize their operations.

Fig: Best-selling pickup trucks in the United States in 2023 (in units)



Source: Mordor Intelligence

The market for LCVs is anticipated to rise as these regions develop and grow, offering businesses and manufacturers alike exciting opportunities. Businesses can position themselves for success in the dynamic and competitive LCV market by understanding the key drivers behind this trend.

REVIEW AND OUTLOOK ON THE GLOBAL COMMERCIAL VEHICLE INDUSTRY

Review of Global Production of Commercial vehicles as of CY18-23

After a brief contraction in commercial vehicle production volume during COVID-19, owing to supply chain disruption and a shortage in demand, the commercial vehicle market revived gradually, attributed to the expanding logistics and road freight sector. The number of commercial vehicles produced stood at 25.5 million units in 2023 compared to 23.2 million units in 2022, representing a Y-o-Y growth of 9.66% between 2022 and 2023. The increasing focus on Just-in-Time delivery and the preference to reduce downtime in cargo transportation are leading operators to expand their fleet capacity, thereby positively impacting the production of commercial vehicles. In addition to cargo transportation, rising traffic congestion and the government's investment in developing public transportation networks are assisting the growth in bus production worldwide, showcasing a shift in urban mobility.

Commercial Vehicle Industry, Production Volume in Million Units, Global, 2018-2023

Source: Mordor Intelligence

Demand Drivers

The adoption of e-commerce and last-mile delivery services worldwide has transformed transportation needs, leading to disruptions in logistics and road freight. According to the Ministry of Transport of China, the cargo volume in road freight traffic in China reached 40.34 billion metric tons in 2023. According to the Indian Brand Equity Foundation (IBEF), the gross merchandise value (GMV) of e-commerce platforms in India reached USD 60 billion in FY 2023, representing a Y-o-Y growth of 22% compared to FY 2022. The rising demand for just-in-time (JIT) delivery, coupled with the growing requirement for medium and heavy-duty trucks in construction, FMCG, agriculture, and other allied industries, are serving as significant determinants for the growth of the commercial vehicle market worldwide.

According to the Organization for Economic Co-Operation and Development (OECD), the amount of freight transported by road in France reached 168,345 million tonne-kilometers in 2022 compared to 168,101 million tonne-kilometers in2021, representing a Y-o-Y growth of 0.14% between 2021 and 2022.To cater to the increasing cargo transportation demand, various fleet operators, especially e-commerce companies, are deploying advanced trucks to reduce the downtime of end-to-end delivery. In May 2024, Amazon deployed a new fleet of heavy-duty all-electric trucks for its delivery operation in Southern California in the United States. The new fleet includes deploying 35 heavy-duty electric trucks for middle-mile operations. Given the logistics industry's ever-changing landscape, fleet operators need to ensure that their fleet can cater to the growing consumer demand, which will positively impact the growth of the commercial vehicle market.

Rising Adoption of Electric Commercial Vehicles Fuels The Market Demand

The aggressive push by the government to decarbonize the transportation sector, primarily commercial transportation, due to its lower fuel efficiency capability, is positively impacting the shift towards adopting new-energy commercial vehicles worldwide.

According to the Polish Automotive Industry Association, Poland's total number of electric vans and trucks stood at 5,880 units in 2023 compared to 3,135 units in 2022, representing a Y-o-Y growth of 87.5% between 2022 and 2023.

According to Statistics Norway, the number of electric vans registered in Norway reached 29,623 units in 2023, compared to 21,657 units in 2022, representing a 36.7% year-over-year growth between 2022 and 2023.

Various logistics, e-commerce, and road freight companies worldwide are extensively strategizing to deploy electric trucks and vans to expand their fleet and commit to achieving a sustainable transportation ecosystem.

Penetration of Electric Buses to Propel the Market Demand Worldwide

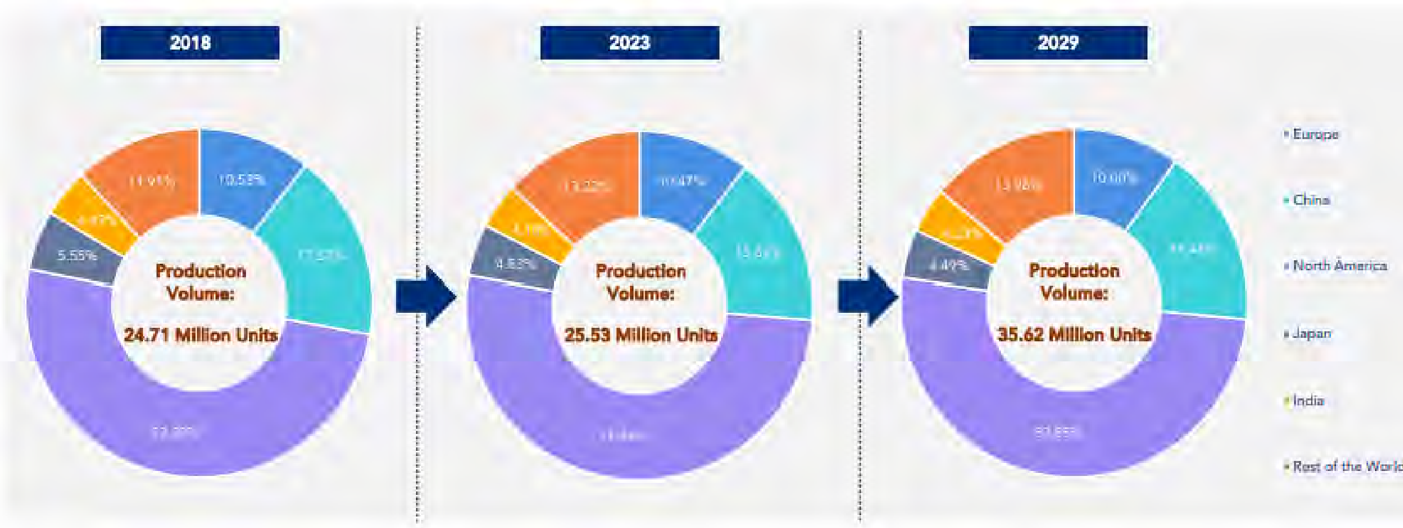
Moreover, the adoption of electric and hybrid drivetrains in buses, especially in countries such as India, has witnessed a massive surge in recent years, owing to their better fuel efficiency capability and lower lifetime average cost of operations.

In September 2024, EKA Mobility deployed EKA9 electric buses in Uttarakhand, India, in partnership with Skyline Motors. The deployment aims to support the state’s green transportation goals while reducing carbon emissions.

As governments worldwide increasingly prefer to deploy new-energy buses in cities to promote sustainable transportation and the preference of fleet operators to shift towards decarbonization, the commercial vehicle market is expected to witness surging growth.

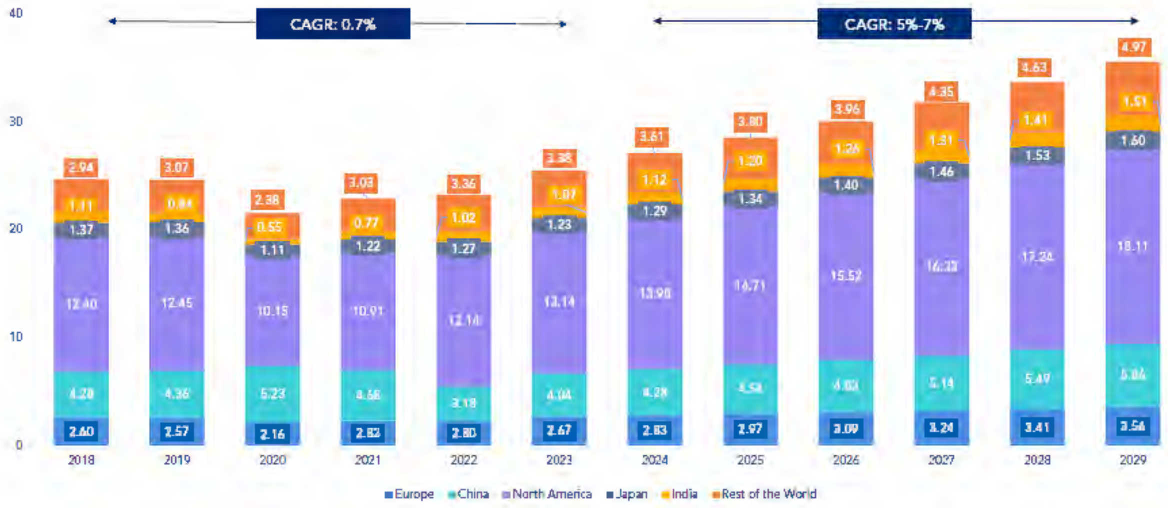
Market Size Split for Key Economies: Europe, China, North America, Japan, India, RoW

Global Commercial Vehicle Industry, Production Volume Share (%), By Geography, 2018-2029



Source: Mordor Intelligence

Global Commercial Vehicle Industry, Production Volume in Million Units By Geography, 2018-2029



Source: Mordor Intelligence

Europe

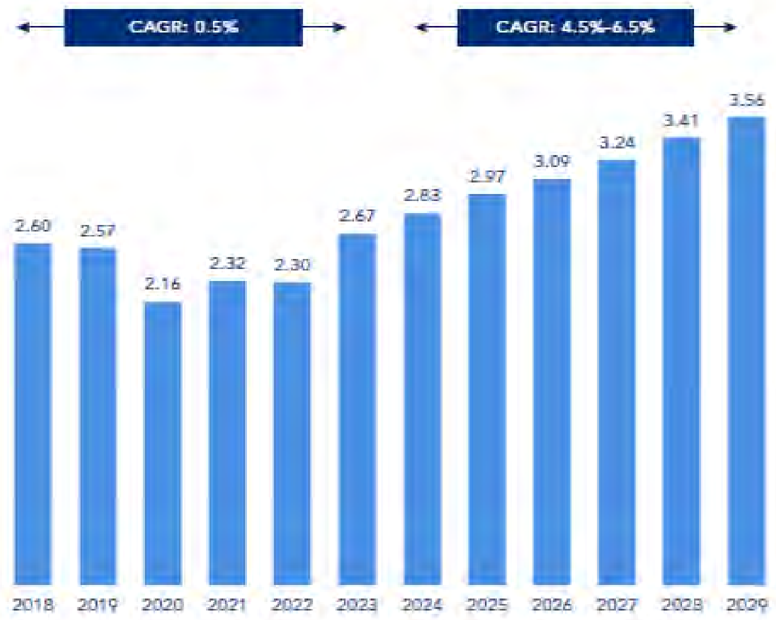
The Europe segment of the market studied accounted for a production volume of 2.67 million units in 2023 and is expected to reach 3.56 million units in 2029, projecting a CAGR of 4.5%-6.5% during the forecast period 2024-2029. The European government's substantial investments in infrastructure, coupled with a booming construction sector, are driving the commercial vehicle market. The heightened usage of trucks for material transportation in the construction sector facilitates the deployment of advanced commercial vehicles across Europe.

New commercial vehicle registrations in France touched 433,777 units in 2023, followed by the United Kingdom, with new commercial vehicle registrations touching 402,145 units. Germany recorded the registration of 274,349 units of commercial vehicles during the same period.

The shift towards a new energy ecosystem in the European commercial vehicle industry is assisting various manufacturers in diversifying their electric vehicle portfolio, resulting in increased focus on expanding their production capacity.

Solaris, a leading player in the European bus market, sold 1,456 buses in 2023, with 14.5% of its sales belonging to the zero-emission bus segment.

Global Commercial Vehicle Industry, Production Volume in Million Units, Europe, 2018-2029



Source: Mordor Intelligence

China

The China segment of the market studied accounted for a production volume of 4.04 million units in 2023 and is expected to reach 5.86 million units in 2029, projecting a CAGR of 6.5%-8.5% during the forecast period 2024-2029.

China's growing population, coupled with the increasing urbanization rate and the rising per capita disposable income across the country, contributes to expanding the road freight sector, owing to the massive requirement for goods transportation and e-commerce delivery.

According to the Chinese Ministry of Transport, the cargo volume in road freight traffic in China touched 40.34 billion metric tons in 2023 compared to 37.12 billion metric tons in 2022, representing a Y-o-Y growth of 8.67% between 2022 and 2023. With road networks utilized as a sophisticated means of mobility, a massive demand exists for medium and heavy-duty commercial trucks and buses deployed for smooth goods transportation in the country.

According to the International Organization of Motor Vehicle Manufacturers (OICA), the sales of new commercial vehicles (including buses and coaches, and light and heavy-duty commercial vehicles) touched 4.03 million units in 2023 compared to 3.30 million units in 2022, representing a Y-o-Y growth of 22.1% between 2022 and 2023. According to the Chinese Ministry of Transport, the length of bus lanes in Chinese cities reached 20,300 kilometers in 2023 compared to 19,900 kilometers in 2022, representing a Y-o-Y growth of 2.01% between 2022 and 2023.

Various players operating in the country are strategizing to integrate advanced technologies in their commercial vehicles to cater to the growing need for sustainable transportation and complement the government's decarbonization efforts.

Global Commercial Vehicle Industry, Production Volume in Million Units, China, 2018-2029

Source: Mordor Intelligence

North America

The North American segment of the market studied accounted for a production volume of 13.14 million units in 2023 and is expected to reach 18.11 million units in 2029, projecting a CAGR of 5%-7% during the forecast period 2024-2029.

The North American commercial vehicle market is driven by consumers' rising preference for public transportation and the growing number of regional school enrolments. Parents and guardians of elementary and secondary school students prefer school buses as the optimal medium of transportation for their children, which positively impacts the production of these vehicles. According to the United States Census Bureau, the number of enrolments in public elementary institutions in the United States stood at 29.35 million in 2022, while enrolments in public kindergartens and nurseries stood at 3.55 million and 2.46 million, respectively.

Moreover, the expanding e-commerce sector, especially in the United States and Canada, bolsters a surging demand for medium and heavy-duty commercial vehicles. To cater to the demand of fleet operators, manufacturers are ramping up their commercial production facilities across the North American region.

According to the International Organization of Motor Vehicle Manufacturers (OICA), new registrations of commercial vehicles in Canada touched 1.50 million units in 2023 compared to 1.30 million units in 2022, representing a Y-o-Y growth of 15.25 between 2022 and 2023.

Global Commercial Vehicle Industry, Production Volume in Million Units, North America, 2018-2029

Source: Mordor Intelligence

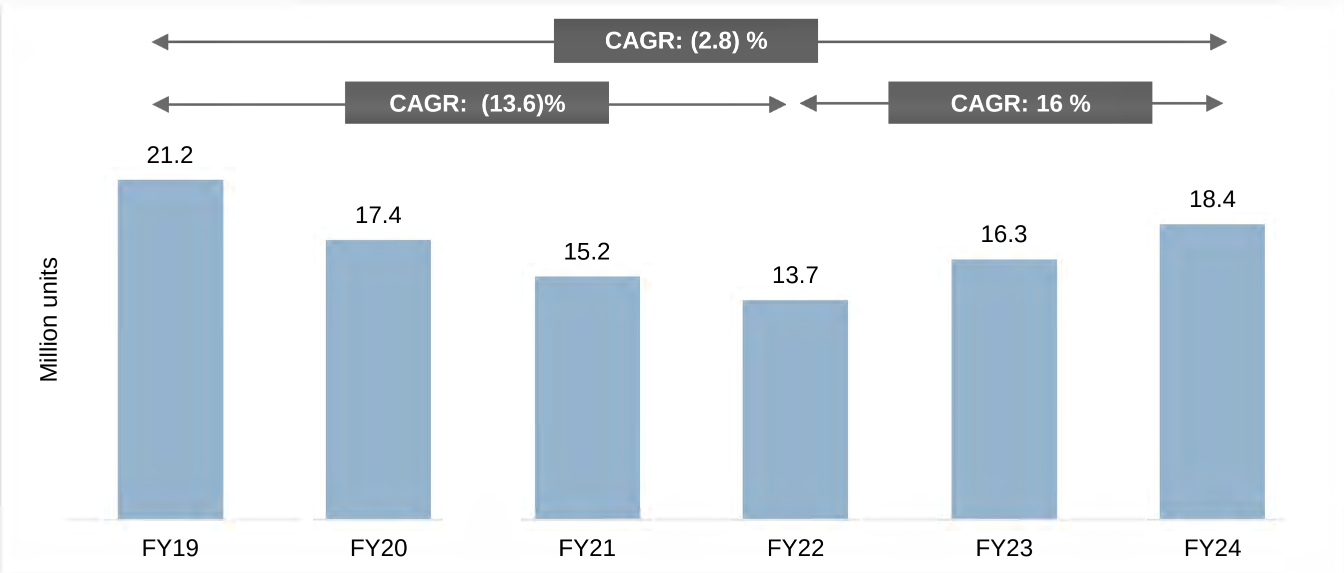
REVIEW AND OUTLOOK ON THE INDIAN TWO-WHEELER INDUSTRY

Review of Indian Two-Wheeler Industry (FY19-FY24)

Historic Production Development

India is the largest motorised two-wheeler market in the world, with domestic sales of 18.4 million units in fiscal 2024. Two-wheeler sales constituted 73% of the total automobile market, which includes two-wheelers, three-wheelers, passenger vehicles (PVs), commercial vehicles (CVs) and tractors by volume in fiscal 2024. The passenger vehicle segment contributed about 17% to the Indian automobile industry, while CVs contributed about 4% and three-wheelers and tractors contributed 3% each.

Domestic two-wheeler sales volume trend – fiscals 2019 to fiscals 2024



Note: Figures in bracket to be read as negative (E.g. (10) to be read as minus 10), data for ICE and EVs; EV retail data from VAHAN have been considered.

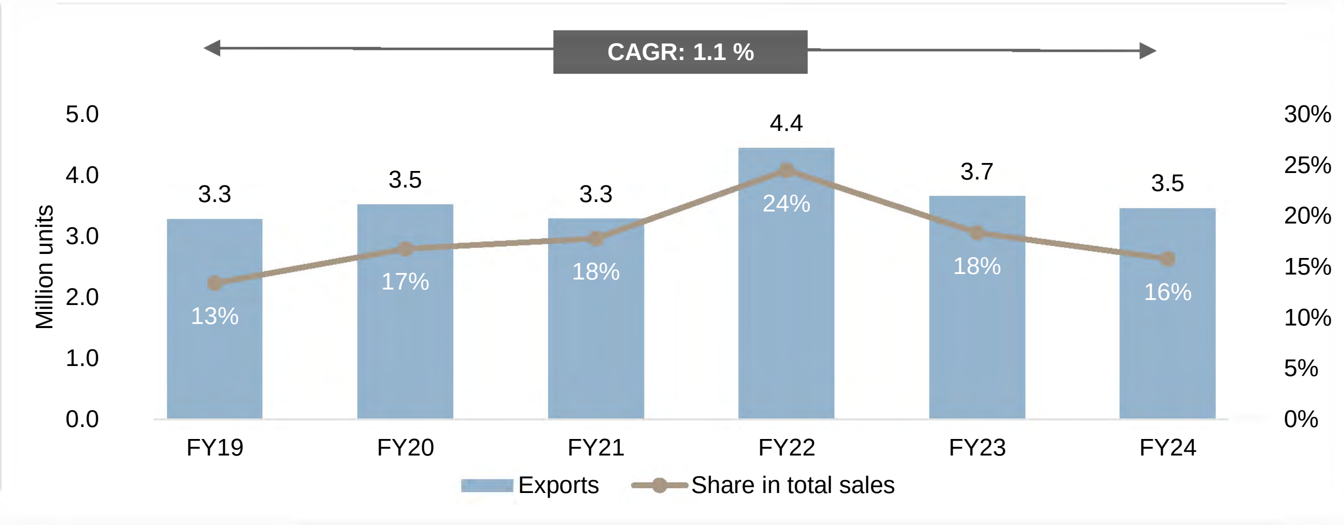
Source: SIAM, VAHAN, CRISIL MI&A

In fiscal 2024, the two-wheeler industry's sales grew by a further 13%, supported by further improvement in the macroeconomic scenario, rural support, continued traction for premium motorcycles as well as scooters. The Ministry of Heavy Industries had decided to slash the FAME II subsidy of electric two-wheelers (effective from June 2023) to Rs. 10,000 per Kwh from the Rs. 15,000 per Kwh. Apart from reducing the per Kwh incentive by Rs. 5,000, the ministry also reduced the maximum subsidy cap of 40 per cent of the ex-factory price of the vehicle to 15 per cent. In addition, continued demand for electric two-wheelers despite the subsidy cut supported the growth in fiscal 2024. The new launches, especially in the premium segments provided an added support to the demand. The commuter motorcycle segment also witnessed some improvement during the year after consecutive contractions aided by limited rise in operating costs as well as increased customer incentives.

Split by Domestic Sales and Exports

The growth was led by increase in global demand and entry into new markets by players such as Bajaj and TVS. Also, joint ventures with global brands - such as KTM, Husqvarna and BMW - and catering to the global demand of these brands from India has given an additional thrust to two-wheeler exports.

Two-wheeler exports trend



Source: SIAM, CRISIL MI&A

Two-wheelers are primarily exported to developing countries from India with Africa accounting for a major share. However, exports to Africa have been under pressure amid the slowdown in the economy, a sharp rise in inflation and unavailability of forex in Nigeria, the leading two-wheeler importer from India. In fiscal 2024 (until February), the region's share in India's two-wheeler exports fell to 41% from 44% in fiscal 2023.

The higher exports to North American countries (share expanded 6% y-o-y), primarily Mexico, lent some support to exports in fiscal 2024. The increase in exports to Turkey aided the share of Middle East during the fiscal. Given the FTAs with countries such as Saudi Arabia and the UAE, the exports to the Middle East have been on the rise.

India also exports significantly Southeast Asian countries such as the Philippines, Indonesia and Taiwan as well as the neighbouring countries of Nepal and Bangladesh. Share of exports to the neighbouring countries also contracted in fiscal 2024 owing to the economic weakness in these countries. Continued exports to Indonesia have restricted the loss of share.

Segment-wise exports

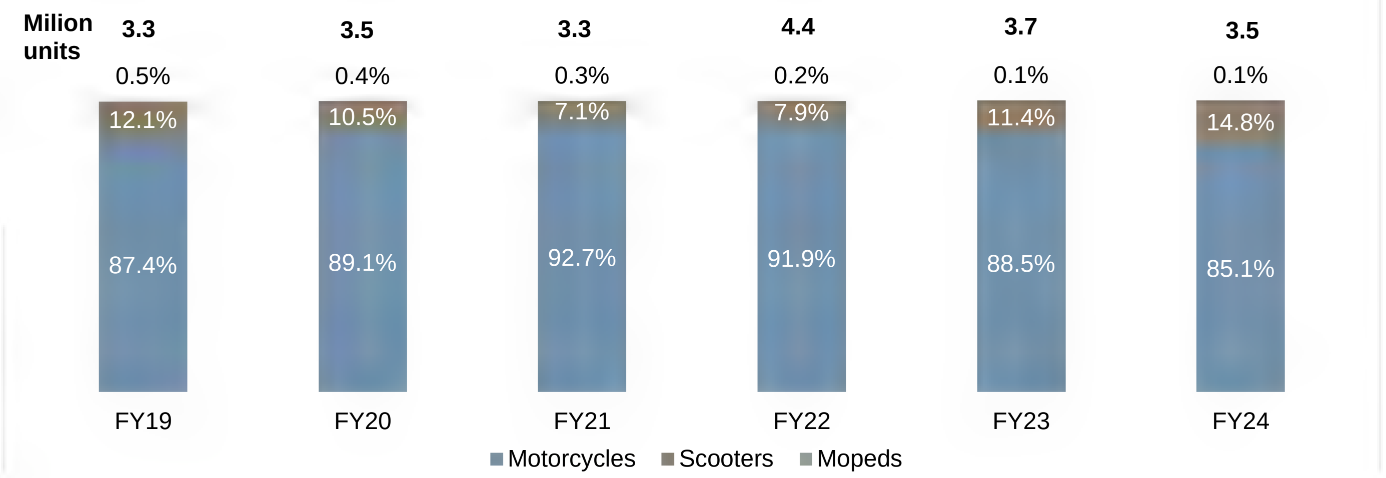
Motorcycles dominate the exports segment as well with more than 85% share in two-wheeler exports. However, they lost some ground to scooters, especially in the last 3 years.

Motorcycle exports registered a modest 1% CAGR during fiscals 2019-2024 while scooters clocked a faster 5% CAGR, albeit from a smaller base. Increased push from HMSI as well as TVS with further geographical expansion in Latin American and Southeast Asian countries aided the faster growth of scooter exports.

Even in fiscal 2024, while the exports of motorcycles contracted 9%, those of scooters rose nearly 23% on-year, restricting the overall contraction of exports.

Mopeds form an insignificant part of the two-wheeler exports. Their share contracted further during fiscals 2019-2024 with a 30% CAGR decline in exports.

Segmental split within exports



Source: SIAM, CRISIL MI&A

CAGR for segmental split within exports – fiscals 2019 to 2024

	Motorcycle	Scooter	Moped
FY19-24 CAGR	0.5%	5.1%	-30.4%

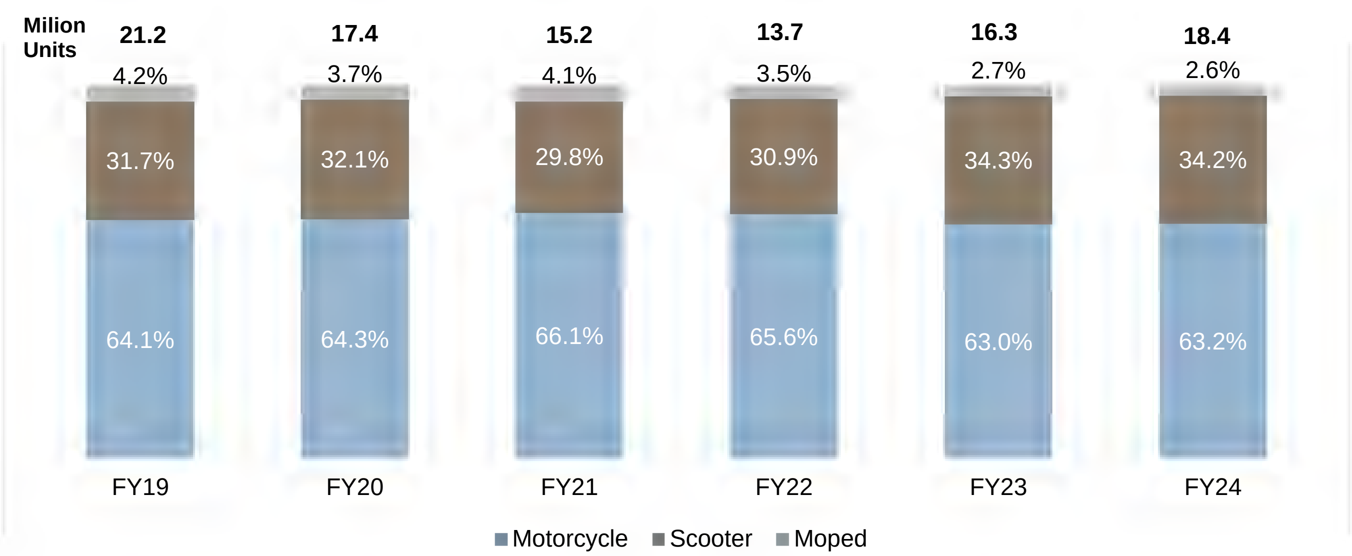
Source: SIAM, CRISIL MI&A

<u>Split by Two-Wheeler Segments</u>

Motorcycles dominate the domestic two-wheeler industry sales with more than 60% contribution to the annual domestic sales. However, their contribution has gradually contracted over the years, from 78% in fiscal 2009 to 63% in fiscal 2024.

On the other hand, the scooter segment expanded its presence over the long-term horizon, from 15% in fiscal 2009 to 34% in fiscal 2024. The moped segment also lost some ground to scooters over the years, from around 6% share in fiscal 2009 to ~3% in fiscal 2024.

Domestic two-wheeler sales segmental trend – fiscals 2019 to 2024



Note: Data includes ICE and EVs; EV retail data from VAHAN have been considered.

Source: SIAM, VAHAN, CRISIL MI&A

CAGR for Domestic two-wheeler sales segmental trend – fiscals 2019 to 2024

y-o-y growth	Motorcycle	Scooter	Moped
FY19-24 CAGR	-3.0%	-4.3%	-11.4%

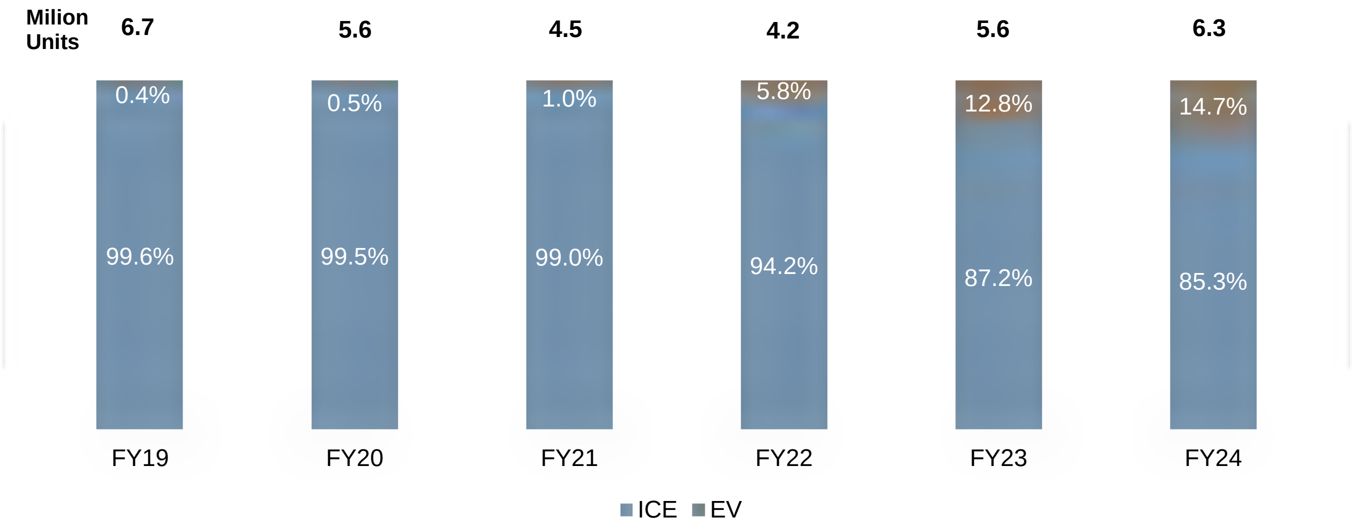
Note: Data includes ICE and EVs; EV retail data from VAHAN have been considered.

Source: SIAM, VAHAN, CRISIL MI&A

Scooters

The scooter also gained acceptance in rural areas as road penetration increased and it became a utility vehicle. Earlier, the scooter was positioned primarily as an urban vehicle. Now, it has gradually evolved to become a preferred means of commuting for women in rural areas as well.

ICE vs EV split within domestic scooter sales – fiscals 2019 to 2024



Note: EV retail data from VAHAN have been considered.

Source: SIAM, VAHAN, CRISIL MI&A

Within the scooter segment, EV scooters witnessed growth at an accelerated pace and contributed a sizeable share of 14.7% to the overall scooter sales in fiscal 2024. The launch of new models, government incentives, rising awareness, increased acquisition and operating costs of the ICE equivalents gave a boost to the EV sales during fiscal 2019-2024. The EV scooters clocked a CAGR of 101% in the past five years, and their penetration within the scooter segment rose from 0.4% in fiscal 2019 to 14.7% in fiscal 2024.

On the other hand, the ICE scooter segment witnessed contraction amid the reduced mobility, increased vehicle prices (due to BSVI compliance), higher operating costs (fuel price hike), increased interest outgo as well as increased competition from EVs. From fiscal 2019 to fiscal 2024, ICE scooter sales contracted at a CAGR of 4.3%.

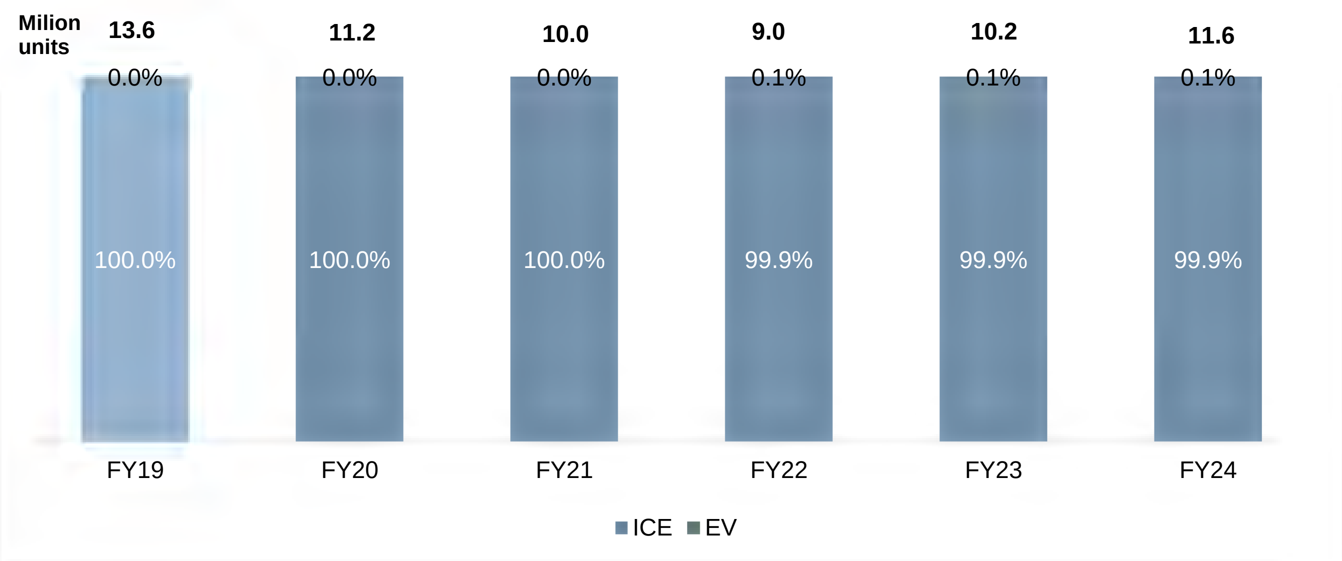
Even within ICE scooters, the dominant 110 cc scooter segment (80% share in fiscal 2019) saw a sharp decline at a CAGR of 11.5%. The customer base of 110 cc scooters is relatively price conscious. Increased ownership and operating costs as well as reduced usage requirements during the pandemic years, led to a significant postponement of purchases by this customer segment. In addition, the shift towards premium ICE scooters (=>125 cc) as well as EVs exacerbated the situation for the 110 cc ICE scooters. In turn, their share within the ICE scooter segment, slid from ~80% in fiscal 2019 to 53% by fiscal 2024.

In contrast, the premium scooter (=>125 cc) segment, clocked a 12% CAGR over the period, albeit from a smaller base. A relatively price agnostic customer base, feature-rich attractively designed vehicles, young buyers who prefer high performance and advanced features, auto OEM focus, multiple vehicle launches and premiumisation trend aided the growth of this segment. The share of premium scooters in the ICE scooter segment rose from about 20% in fiscal 2019 and to 47% in fiscal 2024.

Motorcycles

In the overall domestic sales, motorcycles have maintained their leading position in the past five years, but lost some ground to scooters in the same period.

ICE vs EV split within domestic motorcycles sales – fiscals 2019-2024



Note: EV retail data from VAHAN have been considered.

Source: SIAM, VAHAN, CRISIL MI&A

Unlike scooters, the EV penetration within motorcycles has remained insignificant due to a lack of EV options. A few OEMs, such as Revolt, offered EV motorcycles from fiscal 2020. Manufacturers such as Tork and Ultraviolette also introduced their e-bikes/ motorcycles in the next two to three years. However, given the limited vehicle options, even in the premium motorcycles category, higher acquisition costs, larger range anxiety concern due to higher daily running for motorcycles; the adoption of EVs within motorcycles was only gradual and reached only 0.1% of overall motorcycle sales by fiscal 2024. Moreover, the ICE variants continue to dominate the motorcycle sales. However, even within the ICE motorcycles, the premium motorcycle segment (=>125 cc) has witnessed a CAGR of 3% during fiscal 2019-2024 period while the commuter motorcycle segment (<=110 cc) contracted at a rapid pace of 8% CAGR.

The price-sensitive commuter segment (62% share in fiscal 2019) has been under pressure amid the sharp rise in vehicle prices due to emission and safety norms, increased insurance costs, hike in fuel prices, escalated interest costs, coupled with pressure on the incomes of this customer segment, especially during the pandemic. The commuter motorcycle segment witnessed three years of consecutive contraction between fiscal 2020 to fiscal 2022 (16% CAGR drop till fiscal 2022).

On this lowered base, the commuter motorcycle segment saw some growth in fiscals 2023 and 2024 aided by the pent-up demand and added support from OEMs in the form of discounts and other incentives. However, for the complete five-year period, the commuter motorcycle segment witnessed contraction at 8% CAGR.

On the other hand, the premium motorcycle segment logged a CAGR of 3%, backed by lower impact of the pandemic on the financially stable customer base, higher OEM focus with increased vehicle launches, feature-rich and attractive vehicle introductions, and entry of global players such as Harley, and Triumph with India-focussed models into the premium motorcycle segment. High performance tech-enabled vehicles see higher acceptance among the rising younger buyer base who view vehicle as an extension of their personality. Thus, the share of premium motorcycles, within the ICE motorcycles, increased from 38% in fiscal 2019 to 52% in fiscal 2024.

Current EV Penetration in Two-Wheelers

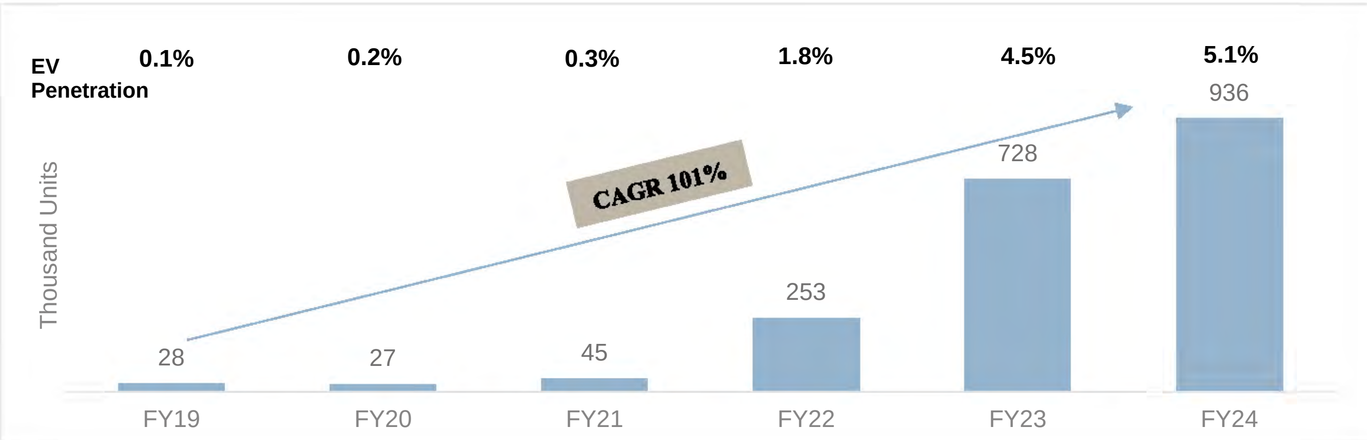
Usage of EVs has increased globally because of the need to curb pollution. In India, too, EVs are gaining popularity, as the government is extending support via Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME II)), a policy that encourages the use of electric vehicles and reduce the use of fossil fuel-powered vehicles and tax rate cuts to encourage EV adoption. Further, growing awareness and concerns about environmental issues are likely to drive electrification in India.

EV sales have skyrocketed, especially post the pandemic, aided by the rising awareness, government support and expanding EV portfolio of the industry. The entry of the new age non-traditional OEMs such as Ola, Ather and Okinawa provided an additional boost to the EV segment in India.

While the ICE two-wheeler sales contracted at 3.7% CAGR between fiscals 2019 and 2024, EV sales logged 101% CAGR, thus restricting the drop in overall industry sales.

Even going ahead, the furthering electrification is estimated to provide the much-needed thrust to the industry growth over the long-term horizon. EVs have been covered in detail in the next chapter.

Electric two-wheelers sales trend over fiscals 2019-2024

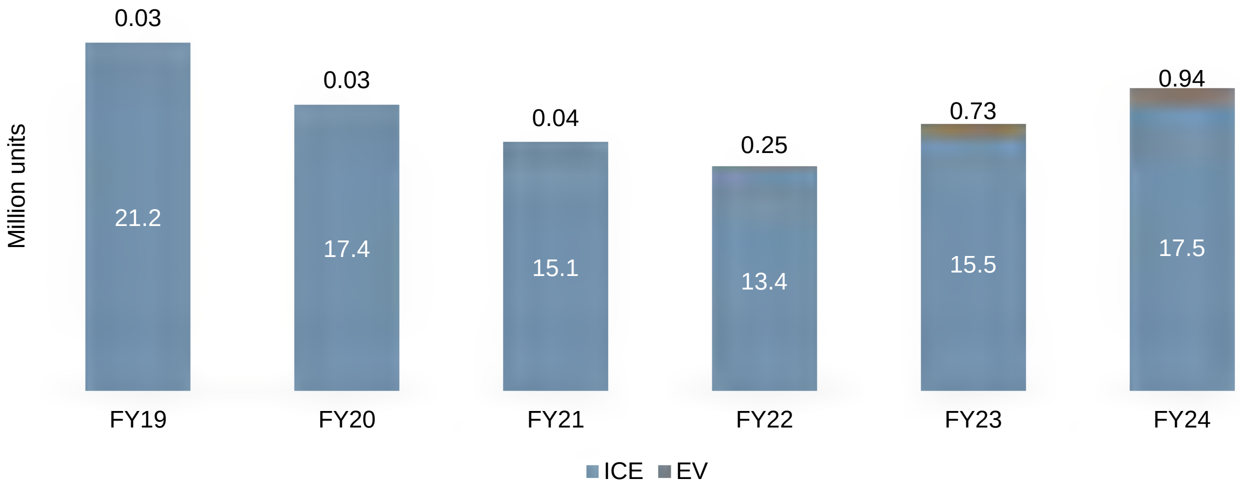


Note: VAHAN data does not include Telangana & Lakshadweep retails

Source: VAHAN, CRISIL MI&A

Fiscal 2024 began on a very strong note. However, on June 1, the government reduced the FAME subsidy incentive cap from 40% of a vehicle's value to 15% and capped the subsidy at Rs 10,000 per kWh of battery from Rs 15,000. Owing to this, manufacturers have had to increase the prices of electric scooters, which led to a 57% sequential slowdown in sales in June. This sharp sequential contraction was on an elevated base of May 2023, where customers had pre-bought significantly owing to the price rise from June.

Domestic two-wheeler sales volume trend (ICE vs EV)

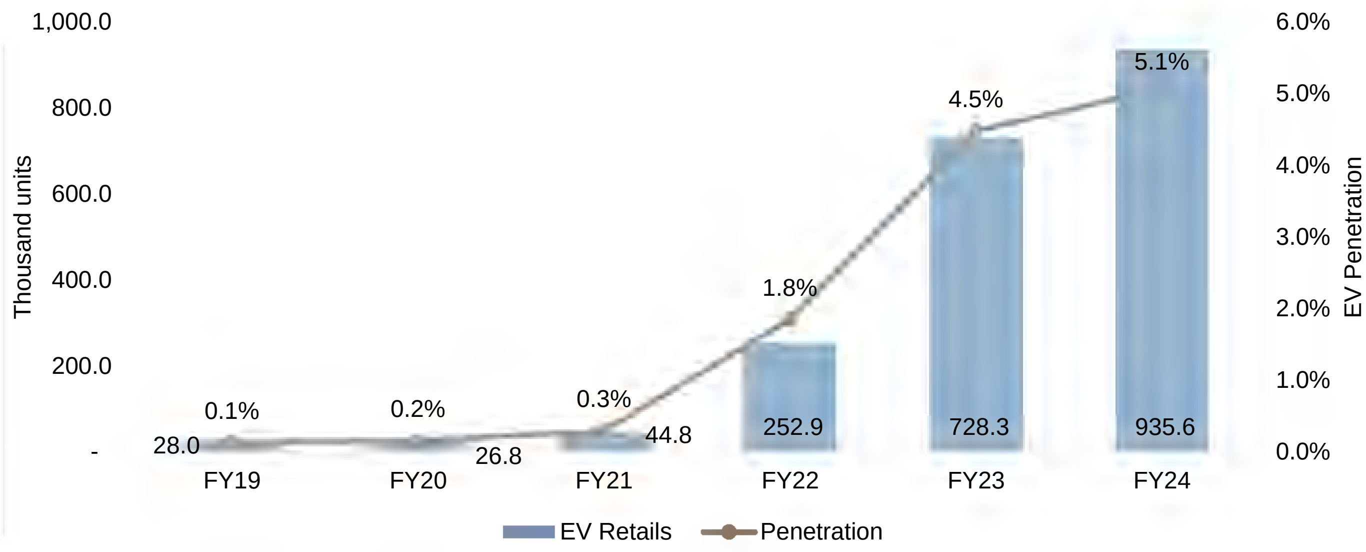


Source: SIAM, VAHAN, CRISIL MI&A

y-o-y growth	FY19	FY20	FY21	FY22	FY23	FY24	FY19-24 CAGR
ICE	5%	-18%	-13%	-11%	16%	13%	-4%
EV	1394%	-4%	67%	464%	188%	29%	102%

Source: SIAM, VAHAN, CRISIL MI&A

2W E- Retails and Penetration trend – fiscals 2019 to 2024



Note: Only high-speed electric two wheelers have been considered for the analysis

Source: SIAM, SMEV, VAHAN, CRISIL MI&A

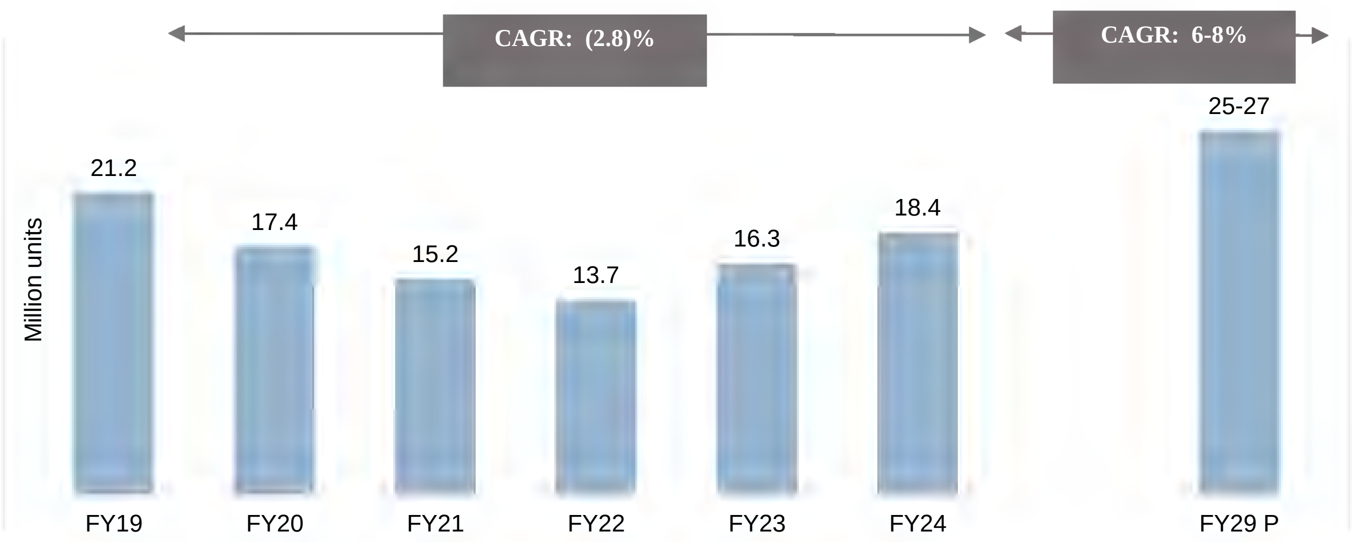
Over the past five years, the electrification within the industry has provided a boost to the industry sales. During these years (since FY19), when the ICE vehicle sales declined, the sharp rise in EV retails restricted the drop in industry sales volumes. From fiscal 2019 to fiscal 2024, the ICE segment contracted at a CAGR of 3.7% and EV retails skyrocketed at a CAGR of 101.7%, albeit from a lower base, which arrested the drop in the industry sales.

Outlook for the Indian domestic two-wheeler industry (fiscals 2025-2029)

Production Outlook (FY25-FY29)

The industry is expected to continue its growth momentum over the long-term horizon led by the positive microeconomic and macroeconomic environment, favourable rural demand, premiumization, intermittent launches, shrinking replacement cycle and continued support from financers. Moreover, continued R&D investments by the OEMs and the technological advancements in the industry to provide an added support to the growth of the industry over the long-term horizon.

Domestic two-wheeler industry outlook until fiscal 2029



Source: SIAM, CRISIL MI&A

Going ahead, over the long-term horizon, CRISIL MI&A expects the scooter segment to grow at a much faster pace off the relatively lower base, backed by expected sharp rise in E scooter demand, ubiquitous usage of scooters, rising share of women in workforce, projected growth of e commerce segment coupled with continued focus of OEMs on the scooters segment. The strong launch pipeline, especially for e scooters and faster replacement cycles of the scooters segment will also back the faster growth of the scooters segment. Further, the improvement in supporting charging infrastructure is expected to provide added impetus to the segment's growth.

CRISIL MI&A projects the scooters segment to grow at a faster pace of 8-10% CAGR over the long-term horizon. However, the ICE scooters segment is expected to contract amidst the shift towards the EV segment. Sizeable portion of the ICE scooter replacement demand will shift towards the electric variants.

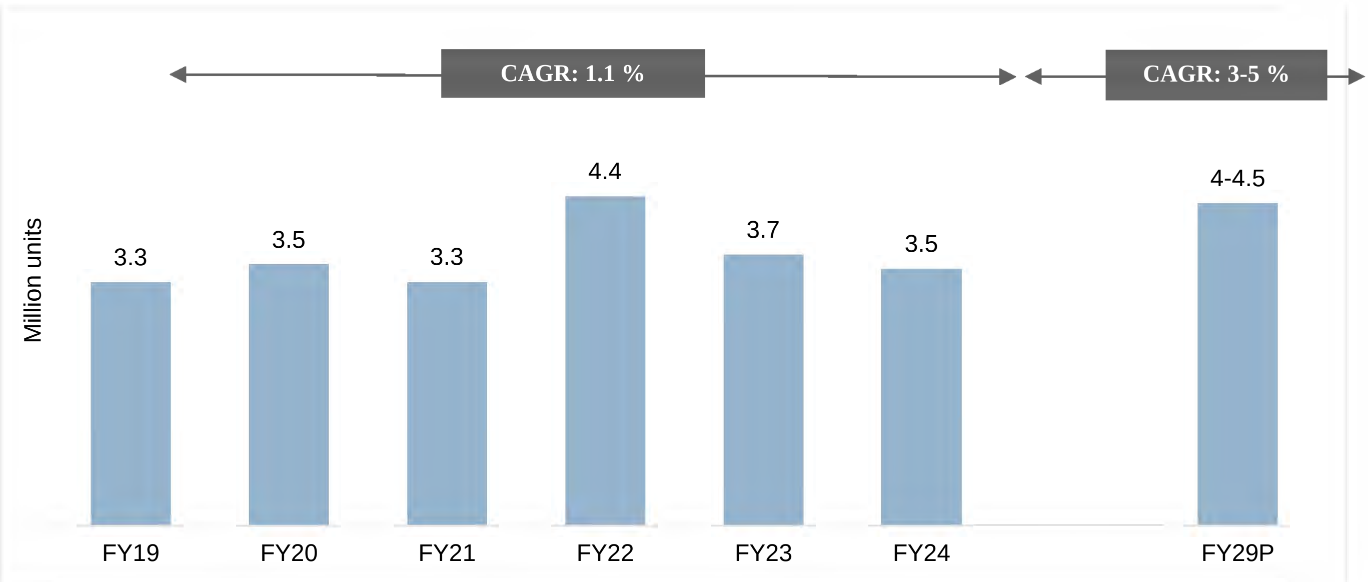
Split by Domestic Sales and Exports

CRISIL MI&A expects two-wheeler exports to clock a faster 3-5% CAGR (vs 1% CAGR between fiscals 2019-2024) to reach 4.0-4.5 million by fiscal 2029.

The growth will be propelled by macro-economic improvement in exports markets, expansion in geographical coverage by the OEMs and more vehicle models getting shipped. Moreover, the fast-growing EV segment is expected to contribute meaningfully to exports amid the capacity expansion by players, sharpening focus on exports and sharp rise in the number of EV models.

India's trade agreements with major global economies would help the domestic OEMs enhance the exports of automobiles and related components. India has signed FTAs with several nations, including the UAE and Australia. The country is also negotiating with the UK and EU to sign FTAs. Such agreements offer immense opportunities for Indian OEMs, helping them tap into a broader customer base and establish the country as a key player in the global automotive industry.

Exports outlook



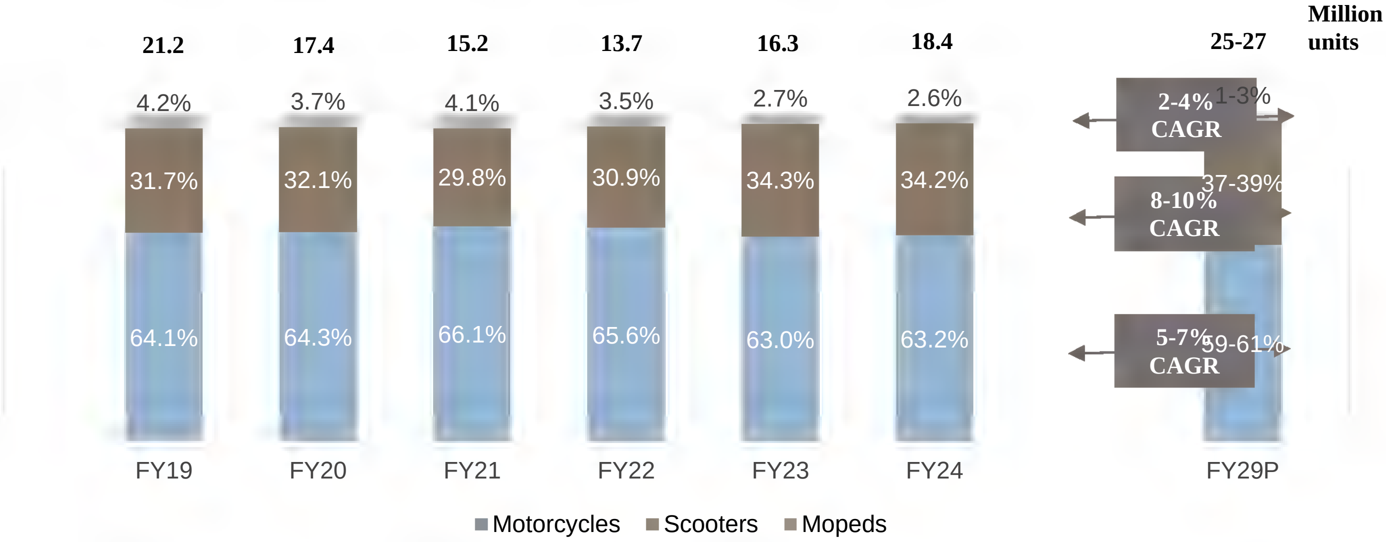
Source: SIAM, CRISIL MI&A

FTA boost two automobile exports

In order to expand the exports markets while ensuring access to raw materials and capital goods necessary to accelerate domestic manufacturing, India is engaged in regional and bilateral trade negotiations. Currently, the country has favourable market access and economic cooperation with more than 50 countries through multiple trade agreements. FTAs are aimed at eliminating or lowering the trade barriers for Indian exporters, so that they can gain a competitive advantage in the foreign markets, paving the way for increased sales and market share. FTAs give exporters access to overseas markets at low customs duties or any applicable other taxes. Further, such agreements offer a conducive environment for automakers and suppliers to technically collaborate, potentially gaining investments and knowledge that could augment the industry's overall performance and growth.

Split By Motorcycles, Scooters and Mopeds

Segmental Split Outlook



Source: SIAM, CRISIL MI&A

Motorcycles, on the other hand, are projected to clock a slower 5-7% CAGR during the period. The premium motorcycles sub-segment is expected to continue to provide the thrust to the motorcycles segment while the commuter segment is projected to grow only moderately.

Premiumisation and upgradation will limit the growth of commuter motorcycles sub-segment. Shifting customer preference towards premium segments supplemented by OEM focus and more launches in the premium segment will provide the thrust to the premium segment going ahead.

The moped segment is expected to grow almost in line with the overall industry growth led by the electrification in the price sensitive segment. Electrification within the mopeds segment will lead the growth of this segment. CRISIL MI&A expects the relatively financially weak, bottom-of-the-pyramid customer base of mopeds to opt for EV mopeds which have relatively lower acquisition costs.

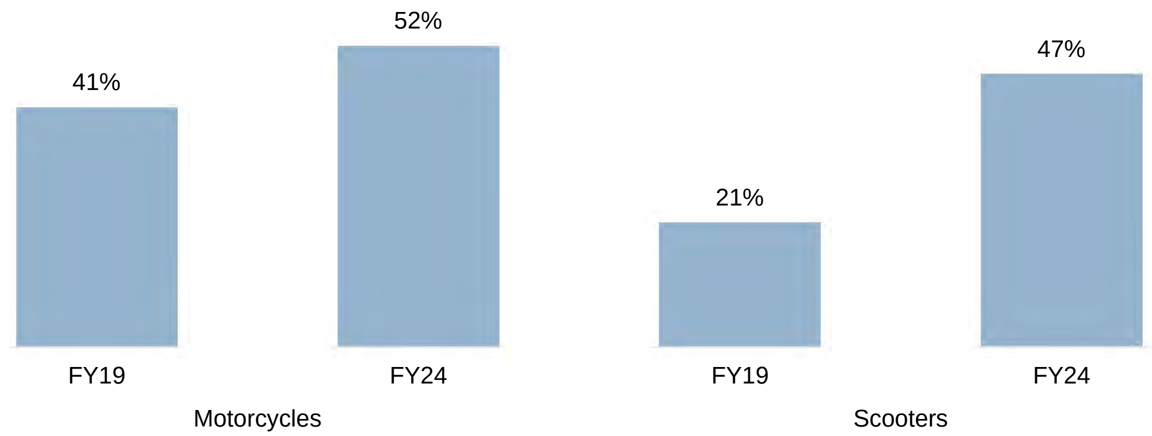
At present, there is only one model, the recently launched E luna, in the mopeds segment. However, more models are expected to be launched in the short term, which will revive the growth of this contracting segment.

Premiumisation trend in Two-Wheelers

A clear shift towards premium vehicles is visible in the two-wheeler industry. Customers are looking to upgrade to the next premium vehicle segment in both motorcycle and scooter segments. The premiumisation trend is supported by various factors such as younger profile of buyers, attractive feature-rich new vehicle launches at competitive rates, vehicles being seen as an extension of a customer's personality, easier access to finance and more launches in the premium segment.

Over fiscals 2019-2024, the share of premium vehicles (=>125cc) in motorcycle sales increased significantly from 41% to 52% and in scooter sales from 21% to 47%. Despite the commuter motorcycles and basic 110 cc scooters segments witnessing a sharp contraction, traction in premium motorcycles and scooters restricted the fall in overall sales. In the last five years, the premium segments have primarily provided the thrust to the industry.

Share of premium two-wheelers



Note: Premium motorcycles/ scooters: => 125 cc vehicles

Source: SIAM, CRISIL MI&A

Key Growth Drivers for Domestic Sales and Exports

The performance of the Indian two-wheeler industry is dependent on numerous social and economic factors, including demographic trends and preferences, income levels, affordability of two-wheelers for customers, changes in government policies, overall economic conditions and the availability of finance and interest rates. Certain factors, such as general macroeconomic and consumer trends, have direct impact on the demand of two-wheelers.

This provides a sizeable headroom for the two-wheeler industry to grow going forward. Some of the key drivers aiding India's domestic two-wheeler industry demand are:

Macroeconomic support

The primary demand drivers for the two-wheeler industry are improving affordability and lower cost of acquisition and ownership. Macroeconomic factors primarily determine the disposable income and affordability for customers.

Going ahead, CRISIL expects India's GDP to clock a healthy 6.5-7.5% CAGR (till fiscal 2031), aiding the growth of domestic two-wheeler industry sales in the long-term.

Private consumption

Private final consumption expenditure (PFCE) reflects the overall consumption patterns and spending capacity of households in an economy. An increase in the measure often translates into higher demand for various goods and services.

PFCE marginally rose to 3.5% year-on-year in the third quarter of fiscal 2024 compared with 2.4% in the previous quarter but remained sluggish. Rural demand indicators were a mixed bag, with demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) slowing this quarter, and growth in two-wheeler sales surging. However, growth in consumer non-durables production slowed considerably. Urban demand seemed to have sustained some momentum, with a pick-up in the growth of passenger vehicle sales, consumer durables production and continued double-digit growth in retail credit (18.1% versus 18.3% in the previous quarter). The latter indicates the impact of past rate hikes and regulations on unsecured lending are still pending.

Rising rural incomes

Rural income growth is an important determinant of two-wheeler demand in India. Rural sales account for 55-

60% of the overall domestic sales of two-wheelers.

Improvement in rural infrastructure and road connectivity have helped the scooters segment to make inroads into the rural areas despite rural customers' preference for motorcycles. With rising electrification, a significant portion of EV demand is also coming from tier 3 and rural areas. So, the rural incomes have a direct bearing on the two-wheeler industry sales.

Rural infrastructure

Rural infrastructure also has a pronounced impact on rural incomes and, in turn, two-wheeler sales. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY), launched in 2000, the government aims to build all-weather roads in the rural regions to improve connectivity and support the rural economy.

Over the years, the government has successfully executed a major portion of the PMGSY annual target set for the year. Even during fiscal 2024, it achieved 89% of the target constructing 26,000 km of 38,000 km target.

Expansion of the rural road network not only improves connectivity but also aids the rural economy. Improvement of rural infrastructure impacts two-wheeler demand in two ways: directly by generating employment in the rural economy during the construction of roads, thereby increasing wages and overall income, and indirectly by enabling accessibility, which, in turn, increases mobility.

Thus, the continued expansion in rural infrastructure is expected to back two-wheeler demand growth over the long term.

Financing support

The expansion aided the growth of overall finance penetration in the industry and, in turn, supported the growth of the domestic two-wheeler industry. Additionally, financiers have been offering a wide range of schemes and promotions (such as low-down payment, attractive EMI options and waiver of processing fees) to attract more customers for small ticket-sized purchases aiding the finance penetration within the two-wheeler industry.

Going forward, CRISIL MI&A Consulting expects finance penetration to improve further and support the growth of two-wheelers.

Growing gig economy

The gig economy is a significant contributor to the two-wheeler industry demand as delivery boys use these vehicles for last-mile delivery.

According to NITI Aayog, there were nearly 6.8 million gig workers engaged in the gig economy which includes food, grocery, electronics, and e commerce in fiscal 2020. The gig workforce is expected to expand to 23.5 million by fiscal 2030 backed by the expected rise in underlying industries of e commerce and food delivery services.

The Indian e-commerce industry, estimated at ~Rs 3,000 billion in fiscal 2023, has had a phenomenal run over the past few years. It has managed to attract not only consumers but also investors across the world and has grown more than three-fold between fiscals 2018 and 2023 on the back of increasing internet penetration, rising popularity of online shopping and lucrative deals and discounts offered by well-established players and start-ups. However, in fiscal 2023, the growth moderated a bit but remained healthy.

CRISIL MI&A projects the e-commerce industry to cross Rs 5.3 thousand billion by fiscal 2026, logging a CAGR of 20-25% between fiscal 2024 and fiscal 2026. Healthy growth is expected to support the demand for two-wheelers in the long run.

Shrinking replacement cycles

The replacement cycles in the passenger vehicle sector has shortened from an average of 10-12 years a decade ago to 7-8 years because of various factors.

For one, the vehicle portfolio has been expanding with entry of newer players — global and non-traditional — and launch of attractive, feature-rich and competitively priced vehicles. Also, frequency of new vehicle launches by OEMs have increased. The new launches are technologically advanced, state-of-the-art vehicles catering to younger buyer demographic. Moreover, the financing coverage has been expanding and awareness level increasing. The rising share of scooters with a relatively lower ownership holding period is another factor contributing to the shortening of the replacement cycle. Rising premiumisation and electrification is also supporting the trend.

The shortened replacement cycle for the average customer is an added boost for the two-wheeler sales.

R&D support

The customer base of the two-wheeler industry has shifted towards the young, tech savvy gen Z customers, who prefer the latest state-of-the-art features, attractive designs and colours, connected technology and hi-tech accessories for their new vehicles. This customer base sees vehicles as an extension of their personality.

Moreover, as the replacement cycles have shortened, the intermittent new vehicle launches are a must to ensure continued demand.

Thus, all the OEMs spend a notable amount on research and development (R&D) to integrate the latest tech, design and features for the upcoming models. R&D has also become a necessity to analyse the safety of the two-wheeler riders.

In the last six years, the two-wheeler OEMs have spent ~2% of their annual operating incomes on R&D.

Advancement in vehicle technology

Over the years, there has been a significant advancement in vehicle technology. Various new features have been added in ICE and EVs, making them more appealing to the customers, especially the younger buyers. The EV segment has revolutionised the industry in terms of latest technological designs and offerings and ICE vehicles are following with notable advancements. The new-age vehicles offer a wide range of features and innovations to ensure safer, more efficient and environmentally friendly transportation and that cater to varied consumer needs.

Over the years, two-wheelers have seen addition of features such as digital instrument cluster (around 2010), navigation (around 2017), USB charging port (2017), Bluetooth connectivity (2018) and cruise control. Over and above these basic features, premium vehicles, including EVs, offer much advanced features such as full-colour thin film transistor (TFT) displays, gear shift indicators, real-time mileage, fuel efficiency metrics, music, calls on vehicle display, riding modes, traction control, keyless ignition, smart helmets with built-in communication, heads up display etc.

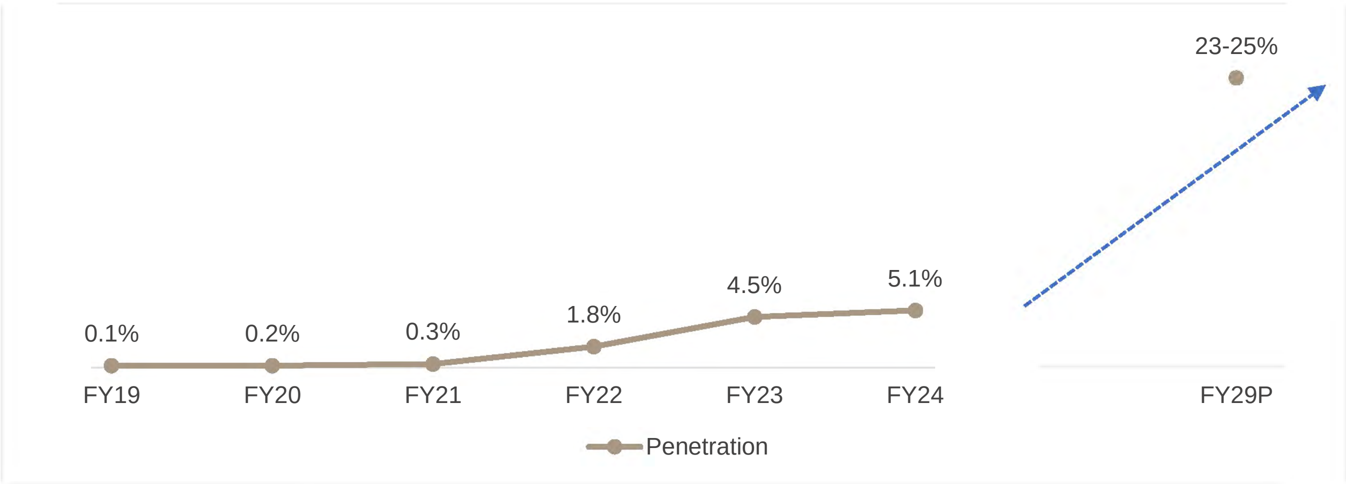
As technology continues to advance, the two-wheeler industry will witness more innovations in the coming years, making ride safer and more enjoyable for the customer, in turn, supporting the growth of the industry over the long-term.

<u>Estimated Penetration of Electric Two-Wheelers by FY29</u>

The electric two-wheeler retails rose at a sharp growth pace of 101% CAGR in the last 6 years, albeit off the small base of fiscal 2019. Going ahead the growth momentum in the industry is expected to continue over the long-term horizon led by rising awareness, improving TCO for electric vehicles, bridging acquisition cost gap between EV and ICE counterparts, larger vehicle portfolio, expanding charging infrastructure, furthering financing support, increasing EV manufacturing capacity, and continued government support.

If the government continues with the demand incentive (FAME, EMPS or an equivalent alternate form) at least for the next 1 year (till fiscal 2026), CRISIL MI&A expects the EV retails to rise at a healthy pace of 45-48% CAGR and reach 6.0-6.5 million levels in fiscal 2029. And the EV penetration levels to reach 23-25% by fiscal 2029.

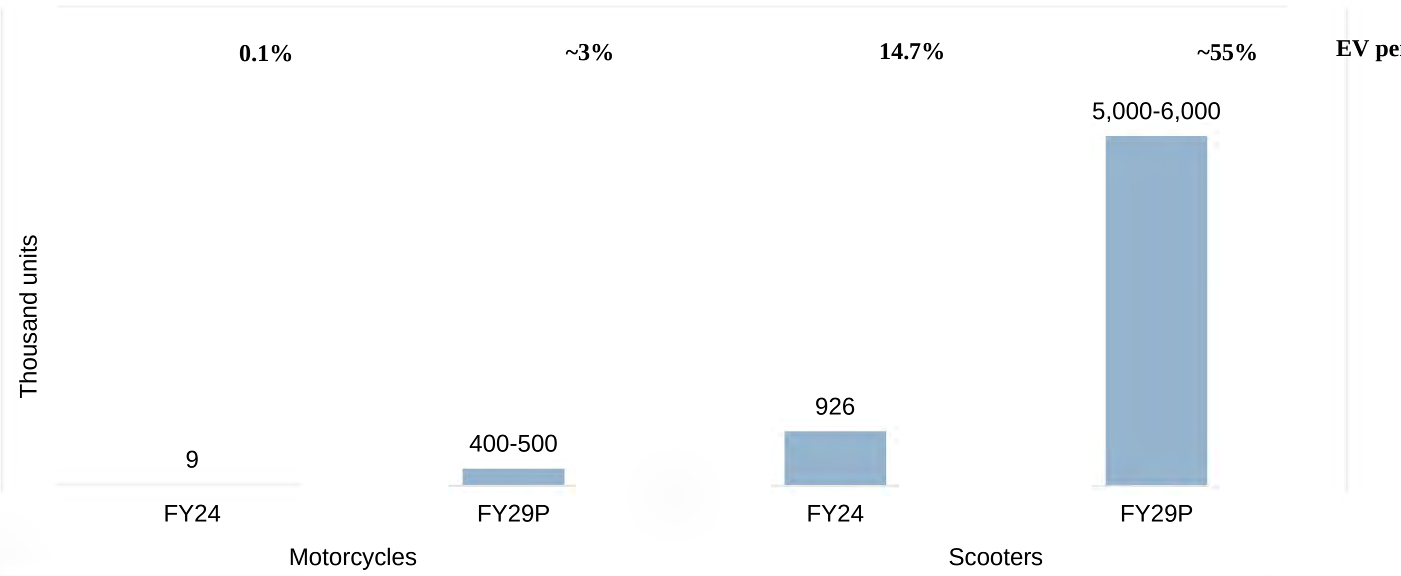
Electric two-wheelers and penetration outlook



Note: Only high-speed electric two-wheelers are considered for the analysis

Source: SIAM, SMEV, VAHAN, CRISIL MI&A

Segment-wise EV outlook



Note: Only high-speed electric two-wheelers are considered for the analysis

Source: SIAM, SMEV, VAHAN, CRISIL MI&A

Scooters are expected to lead the charge going ahead as well. EV penetration within scooters is currently the highest at 14.7% as of fiscal 2024. Amidst the fast-expanding e scooter portfolio, shifting of customer preference from ICE scooters to e scooters, OEM focus, state of the art advanced offerings, improvement in TCO as well as acquisition cost difference, a sharp rise in e scooter penetration is expected going forward. CRISIL MI&A expects the EV penetration to reach ~55% for scooters by fiscal 2029.

Electrification within motorcycles segment has remained limited amidst limited offerings as well as typical longer distance usage of motorcycles compared to scooters. However, amidst the projected launch of e bikes/ motorcycles from OEMs including Revolt, OLA, Tork will back electrification within motorcycles as well. Over the longer horizon, EV penetration is expected to reach ~3% within motorcycles by fiscal 2029.

In the above projections, CRISIL MI&A has considered the government demand incentive to continue till fiscal 2026 which will provide an additional support to the EV adoption going forward.

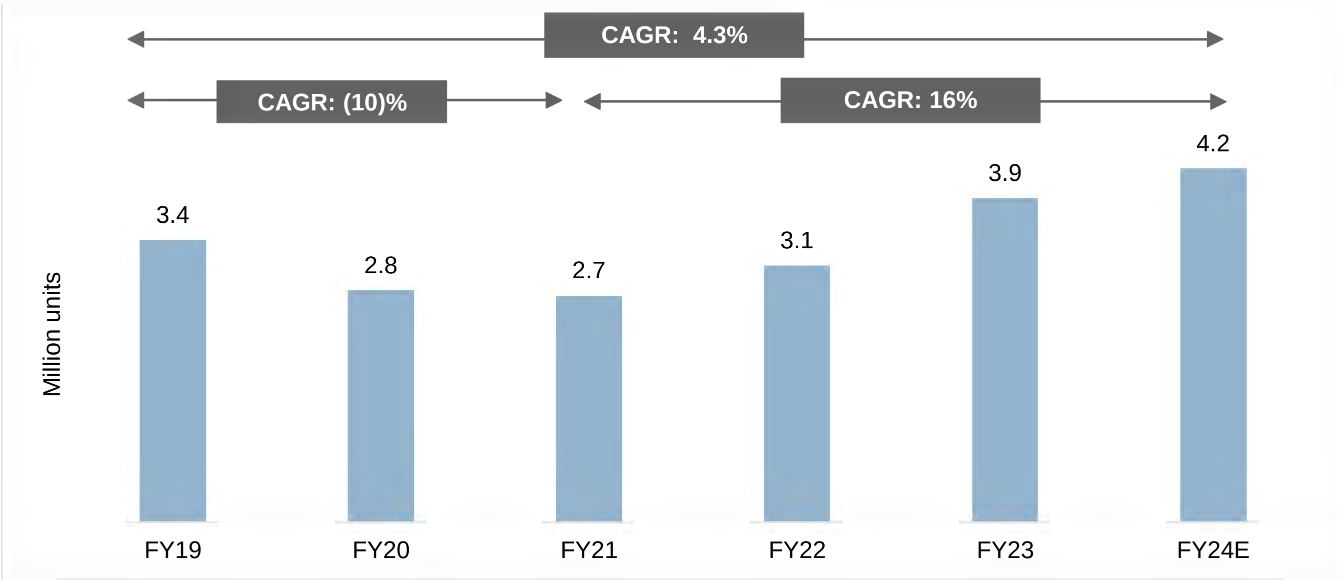
REVIEW AND OUTLOOK ON THE INDIAN PASSENGER VEHICLE INDUSTRY IN INDIA

Review of the Indian Passenger Vehicle Industry (FY19-24)

Review of Historic production development (fiscals 2019-2024)

Fiscal 2024 marked the third year of consecutive growth in PV industry by recording 8% growth. This comes over a high base of fiscal 2023 which grew by 27%(almost double the growth of 13% in fiscal 2022) due to healthy pent-up demand created by two years of slump in sales volumes owing to a pandemic induced disrupted supply chain. The orderbooks of auto OEMs were further supported by plethora of launches in the growing UV (Utility vehicles) category, which had witnessed high traction, along with multiple facelifts of existing models and easing semiconductor supplies drove record sales in each quarter in fiscal 2024. The overall wholesale volumes settled at ~3.9 million units in fiscal 2023.

Review of domestic PV sales volume



Note: Figures in bracket are negative (Eg. (10) denotes negative 10)

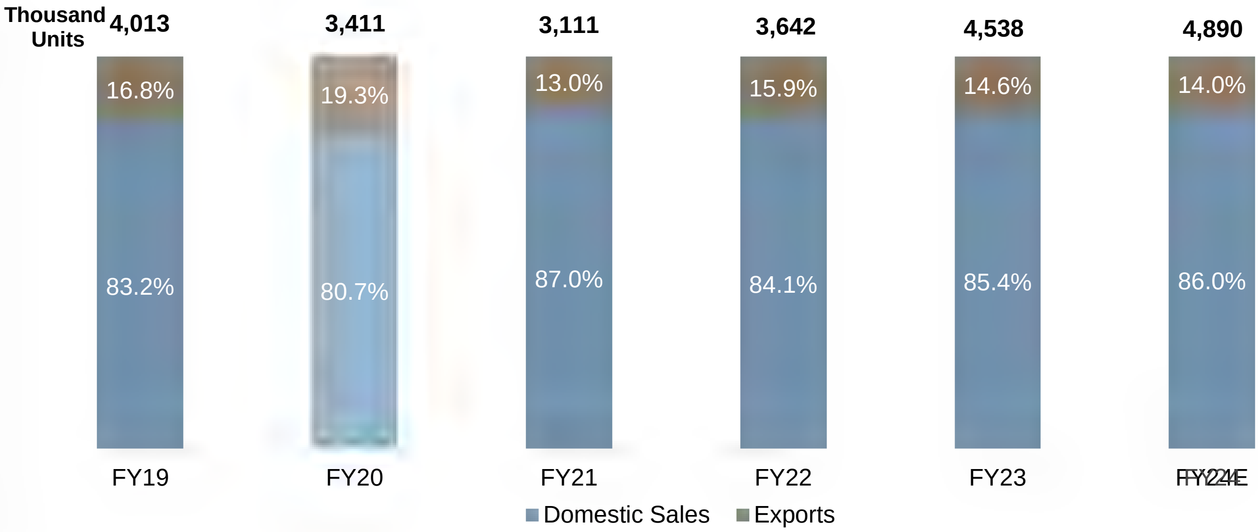
Source: SIAM, CRISIL MI&A

During fiscal 2024, growth momentum of the industry continued, albeit at a slower pace, backed by the continued traction for the SUV segment, intermittent launches and improvement in disposable income. On the high base of fiscal 2023, the industry grew 8% in fiscal 2024 to hit a record 4.2 million units.

Split of industry by domestic sales and exports

The Indian PV makers are largely domestic-focused, with domestic sales accounting for 85.4% of the total sales in fiscal 2023. Share of exports in total sales contracted from 16.8% in fiscal 2019 to 14.6% in 2023 because of moderate growth in the global automobile industry and major OEMs focusing on catering to the fast-growing domestic market. Following a ~38.6% on-year decline in fiscal 2021, exports rose a sharp 42.9% in fiscal 2022 and 14.7% in fiscal 2023 owing to demand from emerging countries further supported by push from the major OEMs.

Domestic sales and exports of domestic PVs (fiscals 2019-2024)



Source: SIAM, CRISIL MI&A

CAGR for domestic sales and exports of domestic PVs - fiscals 2019 to 2024

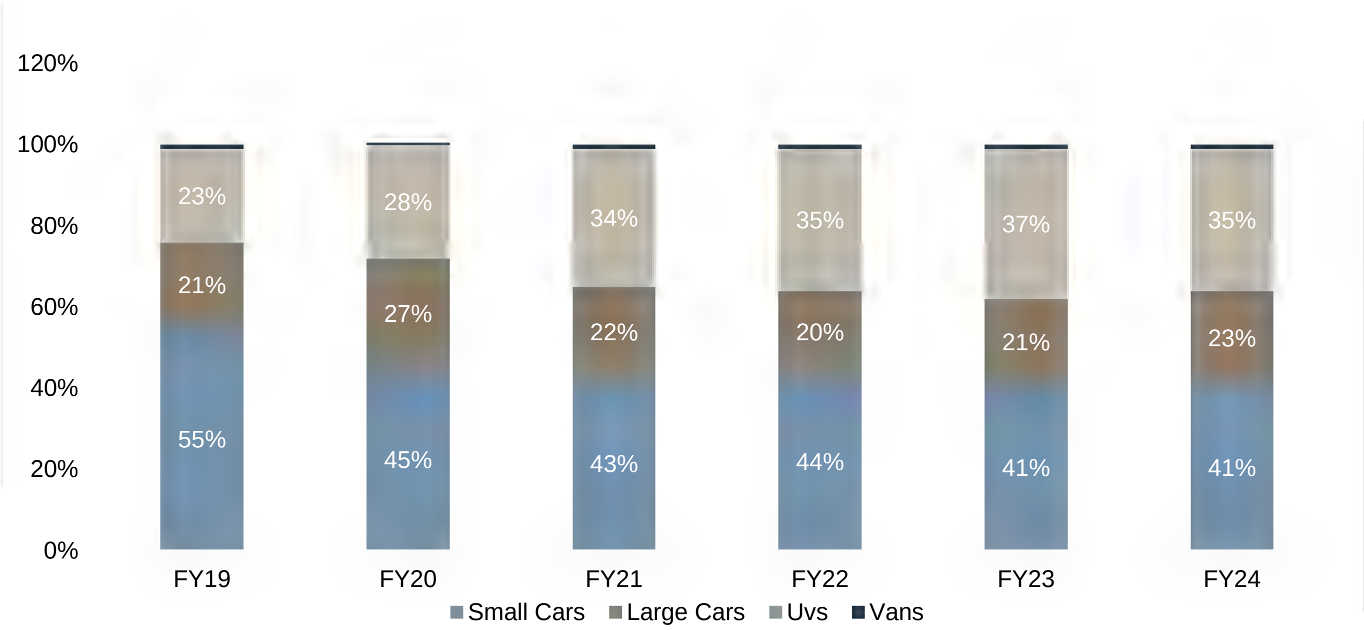
	Domestic Sales	Exports
FY19-24 CAGR	4.5%	8.3%

Source: SIAM, CRISIL MI&A

Resilient small car segment and strong UV (Utility vehicles) traction cannibalised large cars exports from India

The increasing demand for UVs globally coupled with OEM's moving away from small car manufacturing in India has led to the share of UV's rising from 22% to 33% between FY18 and FY24 with small cars declining from 60% to 41%.Share of UVs in exports market further expanded by 200 bps canabilising large car share due to shift in demand for UVs which has experienced a shift in consumer preferences. Export of less chip-intensive small car models has continued to emerging markets. The demand for fuel-efficient small cars, along with a supply push of lesser chip-intensive hatchbacks to export markets by OEMs, has led to a sustained market share in small car. Reduced exports of foreign OEMs such as Volkswagen, Hyundai, and Nissan in large car segment models, such as *Virtus, Verna,* and *Sunny*, which has led to a decline in share of large cars by 200 basis points.

PV segment wise exports share (fiscals 2019-2024)



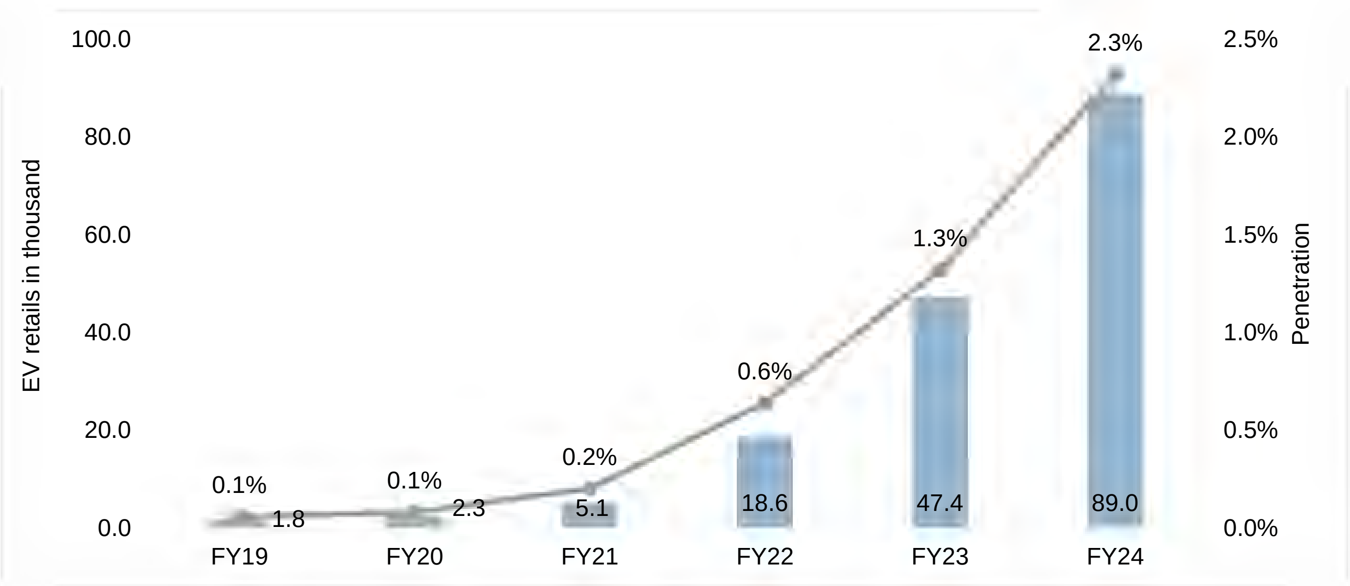
Source: SIAM, CRISIL MI&A Consulting

<u>**Current penetration of Electric PVs**</u>

Amid rising environmental concerns, EVs are gaining traction globally, including in India. The country is one of the signatories to the Paris Agreement under the United Nations Framework Convention on Climate Change. It is also part of the EV30@30 campaign, targeting a 30% sales share for EVs by 2030.

To accelerate EV adoption, the government has been incentivising consumers by extending support via Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME) subsidy as well as tax cuts. The government announced Rs 100 billion for Phase II of FAME, which commenced on April 1, 2019. The policy aims to provide a subsidy of Rs 10,000 per kWh to four-wheelers (battery EVs, plug-in hybrid EVs, strong hybrids) for commercial purposes and public transport. It also envisions creation of charging infrastructure for EVs.

Domestic EV retail and penetration trend in PVs



Note: VAHAN figures exclude Telangana, Lakshadweep retails

Source: VAHAN, CRISIL MI&A Consulting

With only a handful of vehicle options such as Reva, E Verito, and Bolt, EV adoption in PVs was inconsequential in fiscal 2019. Nexon, one of the most popular EVs in India was launched in the second half of fiscal 2020, providing a thrust to EV adoption in PVs. The launch of Kona Electric in the first half and ZS EV in the second half further boosted EV adoption in fiscal 2020. Continued traction for these models helped EV retails clock sizeable growth in fiscal 2021. However, the pandemic hurt the growth pace of EVs, given their higher acquisition costs, production constraints as well as financial pressure on consumers.

EV adoption got a real impetus in fiscal 2022 led by gradual normalisation of the economy, an improvement in the macroeconomic scenario, an increase in mobility, expansion of the EV portfolio and continued government support. Moreover, an increase in ICE vehicle prices, a sharp hike in petrol and diesel prices, increasing customer awareness and younger buyers also fuelled EV adoption.

Outlook of Indian Passenger Vehicle Industry (FY24-FY29)

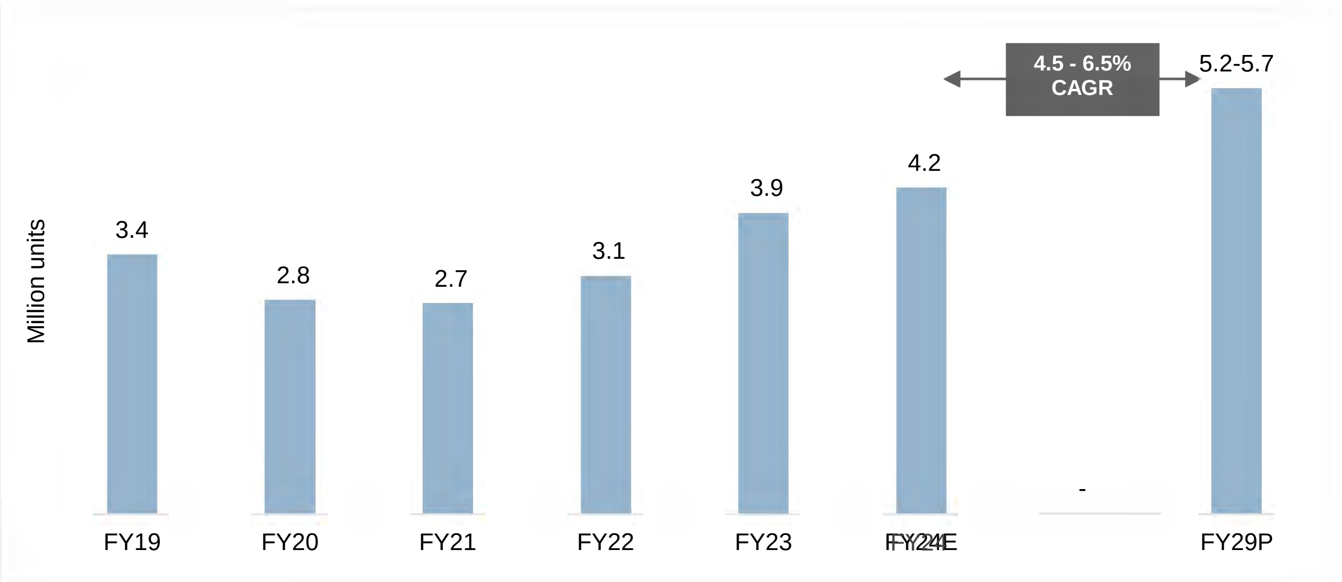
Production Outlook (FY24-FY29)

The domestic PV industry grew at a 5% CAGR over fiscals 2019 to 2024 on a record high base of fiscal 2019 despite the pandemic hiatus led by significant traction for the SUV segment, increased vehicle launches, coupled with the entry of new players. A relatively lower impact on disposable income of the upper middle class led to healthy growth in the SUV segment, driving overall PV sales. In turn, the industry reached historic high sales of ~4.2 million vehicles in fiscal 2024.

Despite healthy growth, car penetration, at 26 per 1,000 people in fiscal 2024, in India was still much lower than that of global peers such as China (183), Mexico (280), Brazil (276) as well as developed countries such as the United States (594), the UK (489), Japan (495) and Korea (389). Thus, there is a lot of headroom for growth in the domestic market.

CRISIL MI&A Consulting expects the macroeconomic scenario to support to industry growth with GDP projected to grow at a healthy pace between fiscals 2024 and 2029. India's GDP growth is expected to outperform other major geographies over the next five years at 6-8%. Inflation levels are also expected to remain subdued in the 3-5% range, which is within the RBI's target band. CRISIL MI&A Consulting has assumed three years of normal monsoons within the five-year outlook period and has considered positive momentum in rural demand. Fuel prices are also expected to remain almost steady in the next five years. These favourable macroeconomic factors are expected to support consumer disposable income.

Domestic PV industry outlook (volumes)

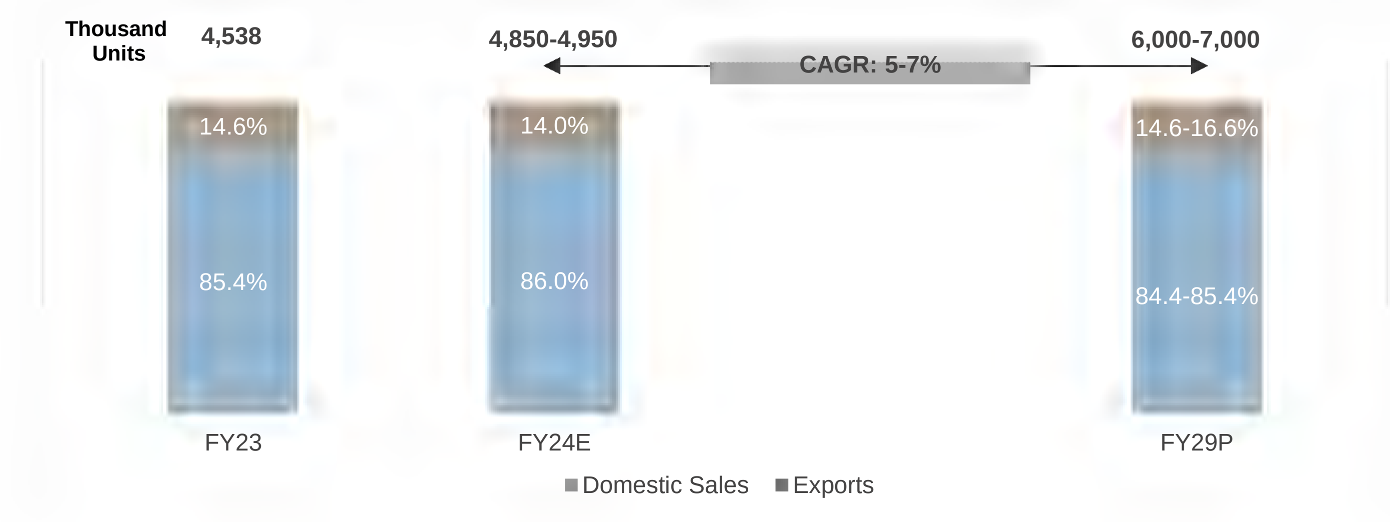


Source: SIAM, CRISIL MI&A Consulting

Split by Domestic Sales & Exports

Domestic sales, which accounted for 85.4% of overall industry sales in fiscal 2023, is expected to grow at a 4.5-6.5% CAGR between fiscals 2024 and 2029P. Over the period, exports are forecast to grow at a 7-9% CAGR to 15.6% by fiscal 2029.

Overall PV industry outlook by domestic sales and exports (fiscals 2023-2029E)



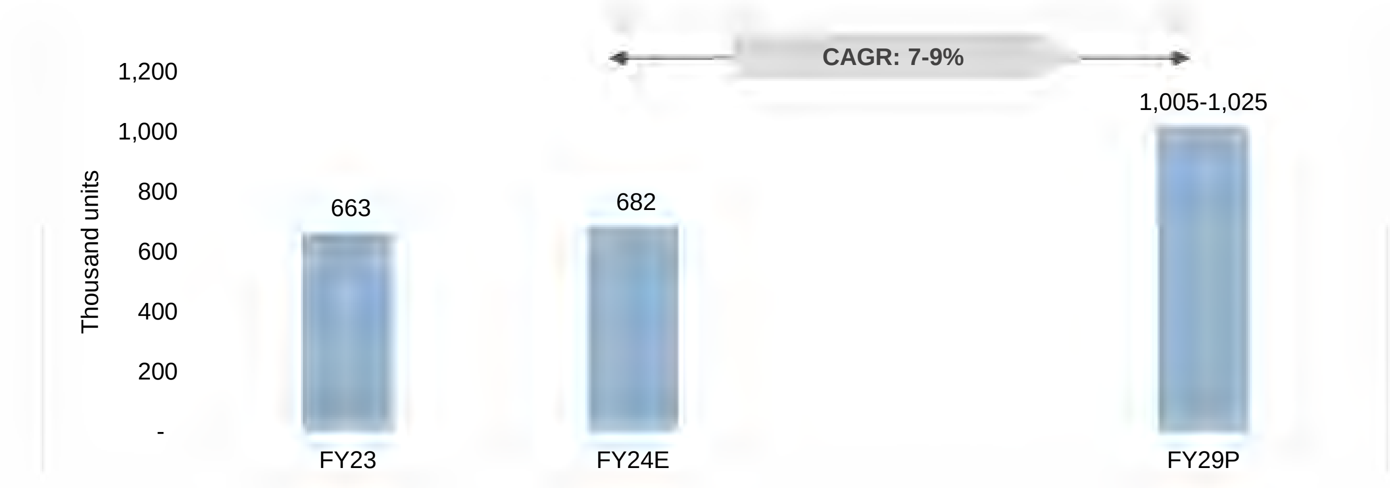
Source: CRISIL MI&A Consulting

PV export outlook for India

India's PV exports are expected grow 3.1% in fiscal 2024 and at a CAGR of 7-9% between fiscals 2024 and 2029. Potential economic growth in key export regions, along with the push from OEMs will make India the hub for certain models, should boost exports. While the outlook for the Middle East and Asia remains positive, ongoing geopolitical tensions would remain a key monitorable. Any escalation of the conflict could lead to elevated oil and gas prices, alongside affecting shipping through the Strait of Hormuz. Volatile crude oil prices could affect fuel prices in export destinations and increase inflationary pressures and impact the demand for Indian exports.

Major OEMs are expanding their production capacity to make India an export hub for Africa, the Middle East, and Asia led favourable policies including PLI to boost domestic manufacturing and export of EVs. PLI covers the entire EV ecosystem including automobiles, auto components and ACC batteries and major OEMs have already announced plans to export EVs from India starting 2025-2026.

Outlook for exports (fiscals 2023-2028P)



Source: CRISIL MI&A Consulting

<u>Split by Passenger Vehicle Segments</u>

Domestic industry growth is expected to be led by SUV and MPV segments, while hatchback, sedan and van segments are expected to clock muted growth.

Rise of SUVs

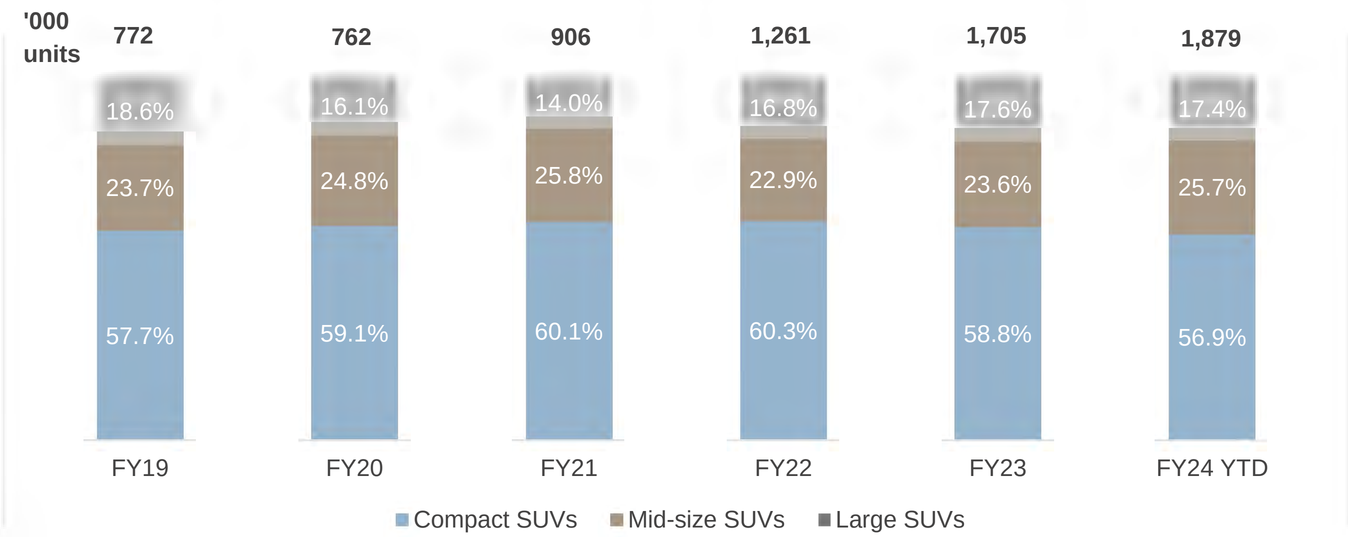
The SUV segment, which traditionally appealed to customers valuing larger seating capacity and its ability to drive on rough terrain, has increasingly gained customer preference over the years. The compact SUV segment, especially, provided the much-desired SUV body styling at competitive rates bringing SUV segment within the reach of the common consumers.

Recognising the changing consumer preferences, OEMs also launched higher number of vehicles in the SUV segment compared to other segments providing a further fillip to the SUV share expansion.

Thus, the changing customer preference coupled with new vehicle launches provided the real thrust to the growth of the SUV segment. Moreover, entry of global players like Kia and MG, with their SUV portfolios lent further support to the segment's growth.

All of this has led to the share of SUVs in overall domestic PV sales to more than double from 23% in fiscal 2019 to 50% in fiscal 2024 from. During the last 5 years, while industry witnessed a growth at 5% CAGR, the SUV segment grew at more than 4x the growth rate of 23% CAGR.

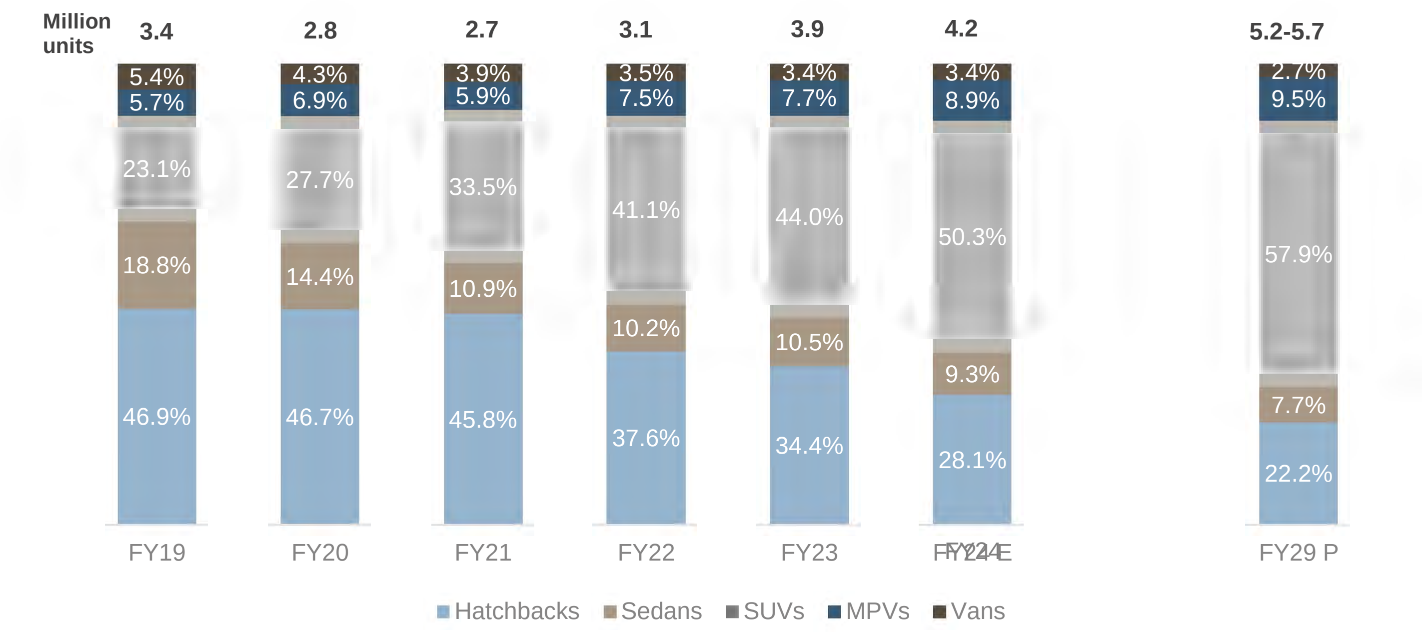
Sub segmental shift within SUV segment



Note: YTD: Apr 2023 – Feb 2024 period, Figures above bars are the sales volumes.

Source: SIAM, CRISIL MI&A

Outlook by industry segment



Source: SIAM, CRISIL MI&A Consulting

Key drivers and policies to boost domestic and export sales growth

Favourable policies support EV adoption and supply chain

FAME policy (I & II)

As part of the National Electric Mobility Mission Plan (NEMMP) 2020, the Department of Heavy Industry (DHI) formulated the FAME I policy in 2015 with a budget outlay of Rs 8.95 billion. The FAME I policy was aimed at promoting the EV ecosystem through technology development, demand creation, pilot projects, and charging infrastructure, thereby ensuring sustainable growth. Under FAME 1, ~278,000 EVs were supported via demand incentives. In addition, 465 buses were sanctioned to various cities/states under this scheme. Phase-II of the FAME policy was implemented with an outlay of Rs 100 billion in 2019 for a period of five years to enhance the demand for EVs by supporting 7,000 e-buses, 500,000 e-three-wheelers, 55,000 e-four-wheelers (commercial purposes) and 1,000,000 e-two-wheelers (including commercial and private vehicles). The Ministry of Heavy Industries (MHI) sanctioned 520 charging stations/infrastructure under the FAME I policy. Further, the ministry also sanctioned 2,877 EV charging stations in 68 cities across 25 states/UTs and 1,576 charging stations across nine expressways and 16 highways under FAME II.

PLI policy

PLI for automobiles and auto components

The government approved the PLI auto policy in 2021 with a budget outlay of Rs. 259.38 billion for a period of five years from fiscals 2023 to 2027. The total incentive per entire group company is capped at Rs. 64.85 billion. The policy offers incentives for manufacturing of advanced automotive technology (AAT) products. This policy would further promote localisation of AAT products and enable creation of an indigenous value chain. The policy consists of two components, incentivising incremental sales of automobiles and auto components named Champion OEM Incentive Scheme and Component Champion Incentive Scheme, respectively.

- **Champion OEM Incentive Scheme:** The scheme is a sales value linked scheme, applicable to battery electric vehicles (BEVs) and hydrogen fuel cell vehicles (FCEV) of all segments – two-wheelers, three-wheelers, PVs, CVs, tractors, automobiles meant for military use, and any other AAT vehicle as prescribed by MHI. It targets to address cost disabilities related to AAT vehicles faced by OEMs. depending on technical developments

- **Component Champion Incentive Scheme:** The scheme is also a sales value linked scheme, applicable on pre-approved AAT components of all vehicles, CKD/SKD kits, vehicle aggregates of two-wheelers, three-wheelers, PVs, CVs, tractors and any other AAT components prescribed by MHI

The PLI scheme for automobiles and auto components was able to attract proposed investments of Rs 748.50 billion against a target of Rs. 425 billion over a period of five years. Revised in December 2023, the scheme is now applicable for a continuous period of five financial years commencing from fiscal 2023-24. The disbursement of the incentive is scheduled for the subsequent financial year, April 1, 2024, to March 31, 2025.

PLI for automotive and ACC

In May 2021, the government approved a budget outlay of Rs. 181 billion for setting up battery manufacturing facilities with a total capacity of 50 giga watt hour (GWh) as part of its PLI policy to strengthen the EV and battery storage ecosystem in the country. The policy aims to enhance ACC battery manufacturing capabilities with emphasis on maximum domestic value addition. Under the scheme, the beneficiary OEM must achieve a domestic value addition of at least 25% and raise it to 60% within five years while also making a mandatory investment of Rs. 2.25 billion per GWh for a committed capacity within two years. The incentives under the PLI scheme will be disbursed over a fixed period of five years from the time of commissioning of the manufacturing facility.

In the first round of PLI awards (March 2022), three companies secured incentives: Ola Electric for 20 GWh lithium-ion cell manufacturing, Reliance New Energy for 5 GWh sodium-ion cell manufacturing, and Rajesh Exports for 5 GWh lithium-ion cells. These companies committed a combined investment of Rs 270 billion for the scheme. In the next round of bidding, the government is unlikely to relax the criteria for localisation of cell manufacturing and the minimum bidding capacity is expected to remain at 5 GWh.

PMP

Under the FAME II policy, PMP has been introduced to boost domestic manufacturing of EVs, their assemblies/sub-assemblies and parts/sub-parts, thereby increasing domestic value addition. It is a government initiative to promote the local manufacturing of EVs in India. PMP offers a scaled duty structure for imported EV parts. To provide further impetus to electric mobility and promote indigenous development of EVs, the central government has reduced and rationalised the basic custom duty on these vehicles.

EV charging and infrastructure policy

The government is actively promoting charging infrastructure and battery swapping to support the EV ecosystem in India. The plan is to establish 500,000 public charging stations (PCS) by 2025 by offering financial assistance to states and private companies. This initiative addresses the lack of charging infrastructure, a key barrier to EV adoption. Further, based on the revised guidelines and standards for charging infrastructure issued by the Ministry of Power, the government aims to augment the station density/reduce the distance between two charging stations as given below:

- At least one charging station to be made available in a grid of three-by-three km. Further, a charging station to be set up every 25 km on both sides of highways/roads
- For long range and heavy duty EVs, there should be a fast charging station at every 100 km, one on each side of the road/highway

Scheme to promote manufacturing of electric passenger cars in India

In March 2024, MHI introduced a scheme to promote India as a manufacturing hub for EVs and attract investments from global EV manufacturers. Through the scheme, automakers can import 8,000 EVs per year with a provision for maximum 40,000 for a period of five years provided that the company commits to invest in local manufacturing. The scheme would also enable automakers to carryover unused annual imports during the same five-year period. EVs of minimum cost, insurance and freight (CIF) value of $35,000 or above are eligible for reduced custom duty of 15% during the period. Also, the total number of EVs allowed for import would be determined by the total duty foregone or investment made, whichever is lower, subject to a maximum of Rs 64.84 billion.

Policies on battery recycling

The government implemented Battery Waste Management Rules 2022 to promote the reuse and recycling of ACC batteries. The policy deals with the provision of financial incentives, the development of standards, and raising awareness about the importance of battery recycling. The traditional EV battery value chain includes raw material extraction, battery manufacturing followed by first life application and finally disposal. However, battery reuse and recycle will introduce an alternate value chain where batteries are repurposed for a second life application in the energy-storage segment. Finally, in the end-of-life stage where the battery no longer meets its performance requirements, it is recycled for extraction of metals such as cobalt, nickel, aluminium and copper. The introduction of reuse and recycle policy of ACC batteries would help to reduce battery prices further and improve availability of raw materials in the future.

Scrappage policy

The scrappage policy envisages phasing out of old passenger and commercial vehicles. The policy aims to curb air pollution, improve road, passenger and vehicle safety, enhance fuel efficiency, improve auto sector sales and boost availability of low cost materials for automotive, steel and electronics industries.

The policy further introduces incentives to scrap vehicles and offers discounts against the certificate issued by scrappage centres. The incentives proposed include a scrap value to be given by the scrappage centre (4-6% of ex showroom price of the new vehicle), road tax rebate by state governments, rebate in registration fees and discounts from OEMs while purchasing a new vehicle with the scrappage certificate.

Potential drivers of export market growth

While predominantly a small-car exporter, India has strongly emerged as an exporter of midsize sedans and UVs with a growing acceptance of vehicles manufactured in the country. The car segment's share reduced to 62% in fiscal 2023 from 76% in fiscal 2019 in terms of overall PV exports. Consequently, the share of UVs increased to 37% from 23%.

Africa accounts for the highest proportion in PV exports from India, followed by Latin America. Indian OEMs have diversified their exports by exploring newer geographies. New markets such as Saudi Arabia, the United Arab Emirates and South Africa have shown significant demand growth.

The following factors are likely to support India's PV export growth:

- Capacity expansion by top players
- Stable crude oil prices to aid demand from African and Latin American geographies
- Continued expansion into new markets
- PLI scheme

Estimated penetration of electric PVs by segment by fiscal 2029

The FAME-II subsidy is skewed towards vehicles for commercial use. No benefits are provided to personal car owners.

In case of commercial applications such as cab aggregators, as of fiscal 2023, the total cost of acquisition (TOA) of an EV is 10% higher compared with diesel vehicles, 19% higher compared with petrol vehicles and 12% higher compared with CNG vehicles. However, due to high annual running, the TCO for EVs is 14% lower compared with diesel taxies, 18% lower compared with petrol taxies and almost at par with CNG cabs. However, due to heavy running of the vehicles, the TCO of EVs for cab aggregators was lower compared with that of diesel alternatives but higher than that of CNG alternatives even in fiscal 2023. By fiscal 2026, CRISIL MI&A Consulting expects the TCO for EVs to be lower than diesel alternatives and marginally lower than CNG. The lower battery cost is expected to offset the lack of FAME subsidy and will help maintain competitiveness of BEVs against diesel and CNG variants for cab aggregators.

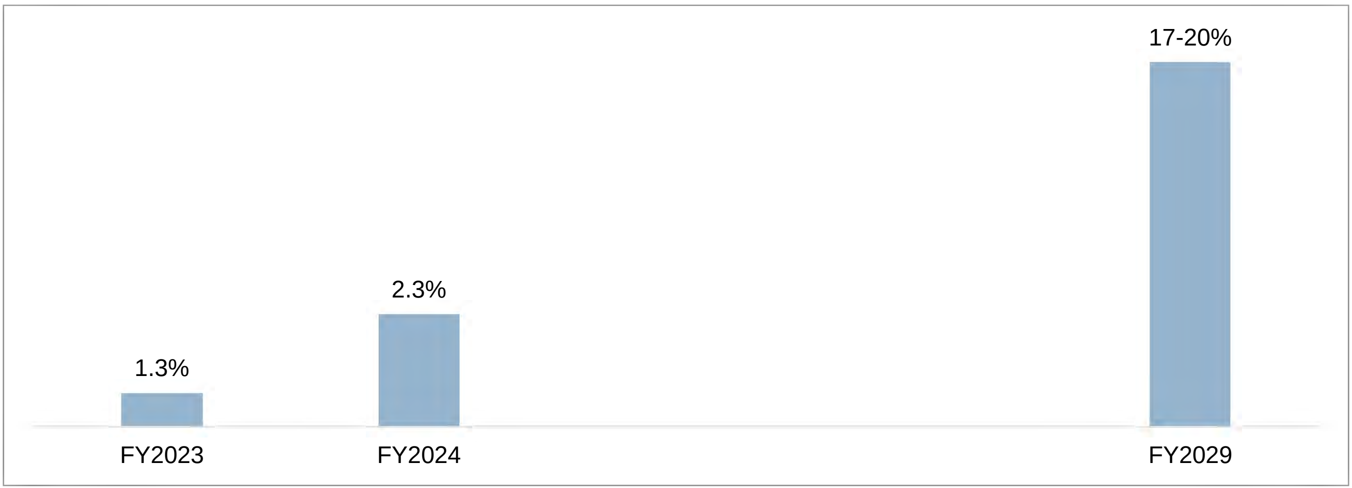
CRISIL MI&A Consulting believes that lack of charging infrastructure, range anxiety and lack of large OEM presence is hindering EV adoption in India. The taxi segment accounts for 10-15% of sales within passenger cars, Within the taxi segment, cab aggregators are expected to lead EV adoption, resulting in an estimated adoption of 25-31% within this segment by fiscal 2027 (considering that adequate infrastructure is available by then).

The TOA and TCO of electric personal cars are still higher compared with the petrol alternative due to their lower running costs. Therefore, EVs are currently not a viable use-case. However, the gap is expected to shrink in fiscal 2029, driving EV adoption in the personal usage segment. In addition, availability of charging infrastructure and range, especially for intercity travel, are likely to be key deciding factors for EV adoption in the personal car segment.

Hence, CRISIL MI&A Consulting expects the share of EVs in total passenger car sales to grow to 12-14% in fiscal 2029 from 1.2% in fiscal 2023.

EV penetration could be higher if the government adopts stricter policies on OEMs for not meeting CAFÉ norms. The exact quantum of EV penetration in an aggressive case depends on incentives given for adoption and setting up of charging infrastructure.

EV penetration outlook for PVs



Source: CRISIL MI&A Consulting

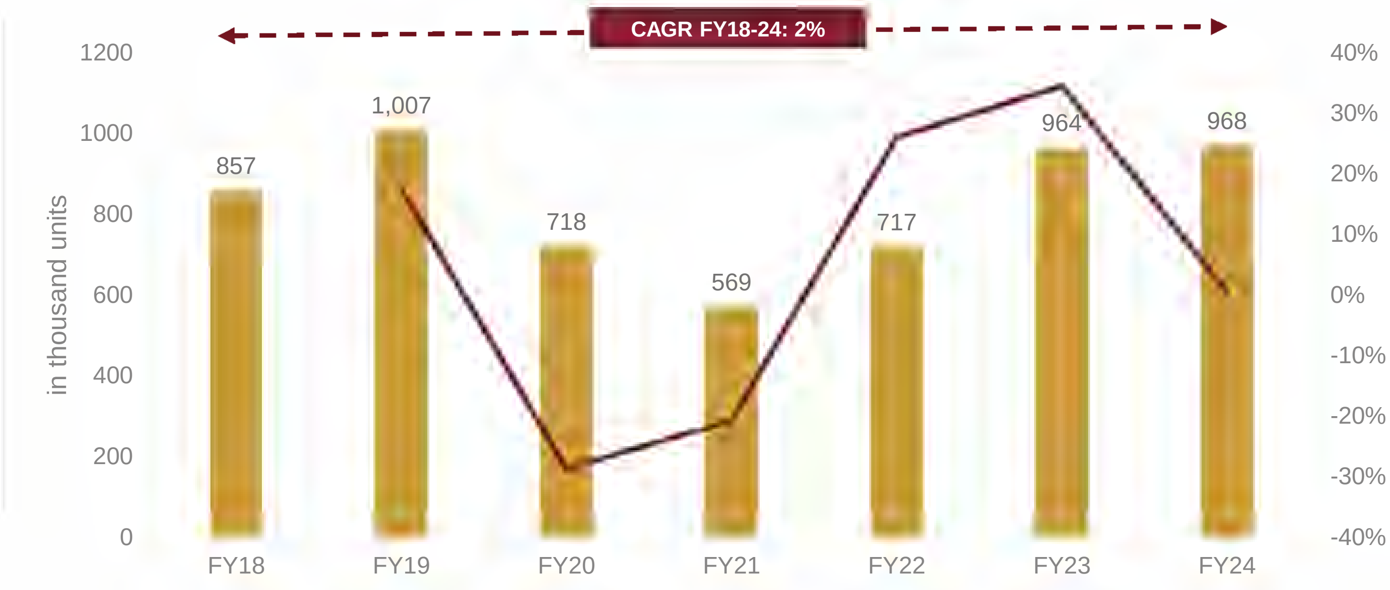
Review and Outlook on the Indian Commercial vehicle industry

Review of Indian Commercial Vehicle Industry (FY19-FY24)

Historic domestic commercial vehicle industry

Between fiscals 2018 and 2024, domestic CV sales logged a CAGR of 2%. The CV industry exhibited a noteworthy recovery in fiscal year 2023, achieving a remarkable growth rate of 35% over fiscal 2022, albeit on a low base, and reaching 96% of the pre-pandemic levels observed in fiscal year 2019. This resurgence can be attributed to pent-up replacement demand, improved transporter profitability, and the pick-up in capex that had been hampered during the preceding 2-3 years due to economic stagnation and the disruptive impact of the pandemic.

Figure 1: Review of domestic commercial vehicle industry (in volume terms of sales)



Source: SIAM, CRISIL MI&A

Split by domestic sales and exports

The Indian CV industry is domestic-focused, with domestic sales comprising ~93% share of production as of FY24.

On the exports front, manufacturers are directing their investments into expanding presence to other Asian countries from neighboring countries such as Bangladesh, Nepal, and Sri Lanka to Africa and the Middle East. Domestic players are also considering setting up assembly operations across multiple markets. Also, going forward, new product line-ups and technology upgradation will allow domestic players to enter relatively advanced markets of south-east Asia. The economic slowdown is anticipated to lead to reduced consumer spending and investment in various regions, subsequently impacting merchandise trade volumes and posing significant challenges for India's export prospects.

Figure 1: CV industry split into domestic sales and exports

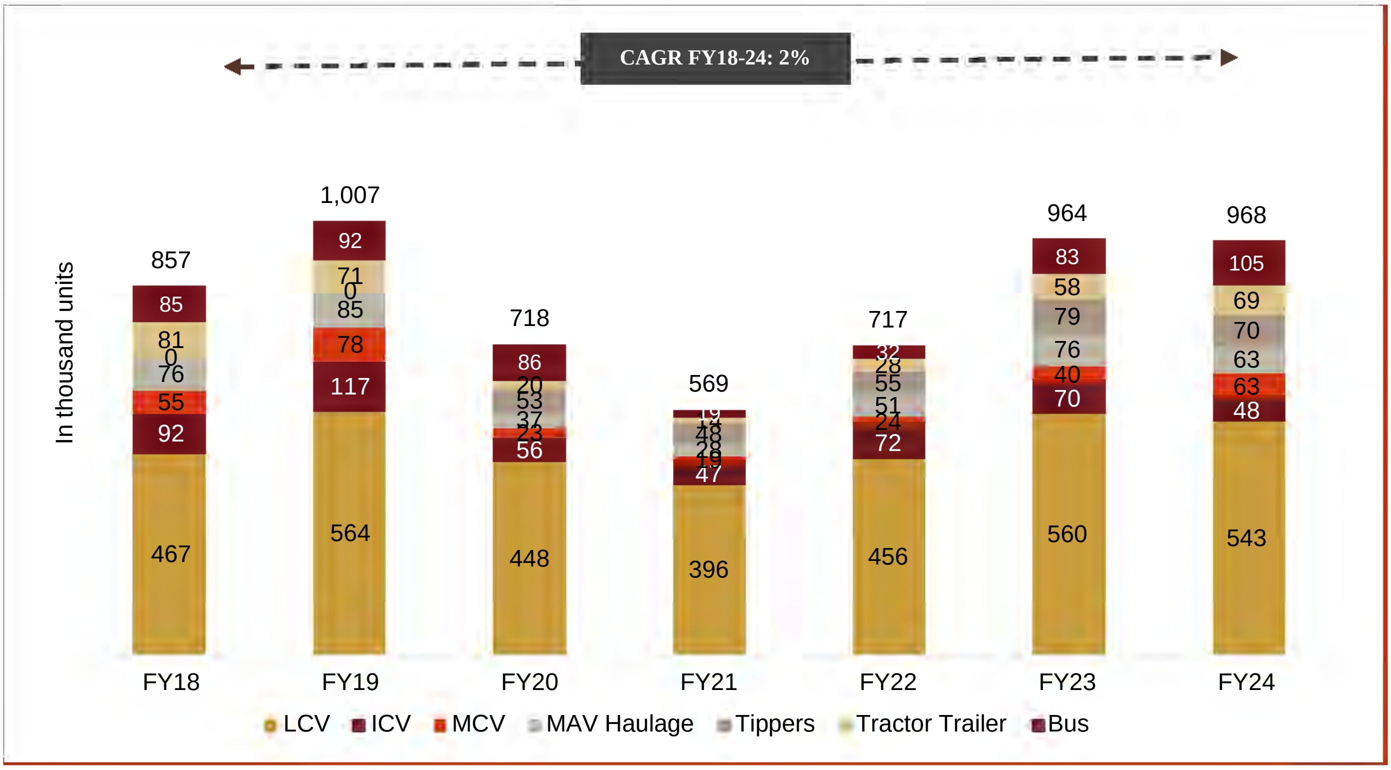
Source: SIAM, CRISIL MI&A

Split by Commercial Vehicle Segments

The commercial vehicle (CV) sales for fiscal year 2024 witnessed almost flat industry over fiscal 2023. This trajectory is underpinned by increased government spending and replacement demand. In FY2023, the CV industry exhibited remarkable recovery with a growth rate of 35% over fiscal 2022, reaching 96% of pre-pandemic levels

The Light Commercial Vehicle (LCV) witnessed a decrease of (3)% in fiscal year 2024, after an all-time high in sales in the previous fiscal. The lower utilization of vehicles coupled with the increase in asset costs led to a decline in sales. The Medium and Heavy Commercial Vehicle (MHCV) segment witnessed a stable outlook in the fiscal year 2024. In the fiscal year 2024, the bus sales sector witnessed substantial growth to 27% over fiscal 2023. This growth is anticipated to be bolstered by robust replacement demand; wherein older buses will be replaced with newer ones. In fiscal 2025, we expect CV sales to grow at a moderate rate of (2)-0% due to the impact of the upcoming union elections and the cyclical nature of the industry.

Figure 3: Segmental sales trend



Note: Domestic sales are exclusive of Bharat Benz sales as the same are not reported by SIAM

Source: SIAM, CRISIL MI&A

Current penetration of Electric Commercial Vehicles

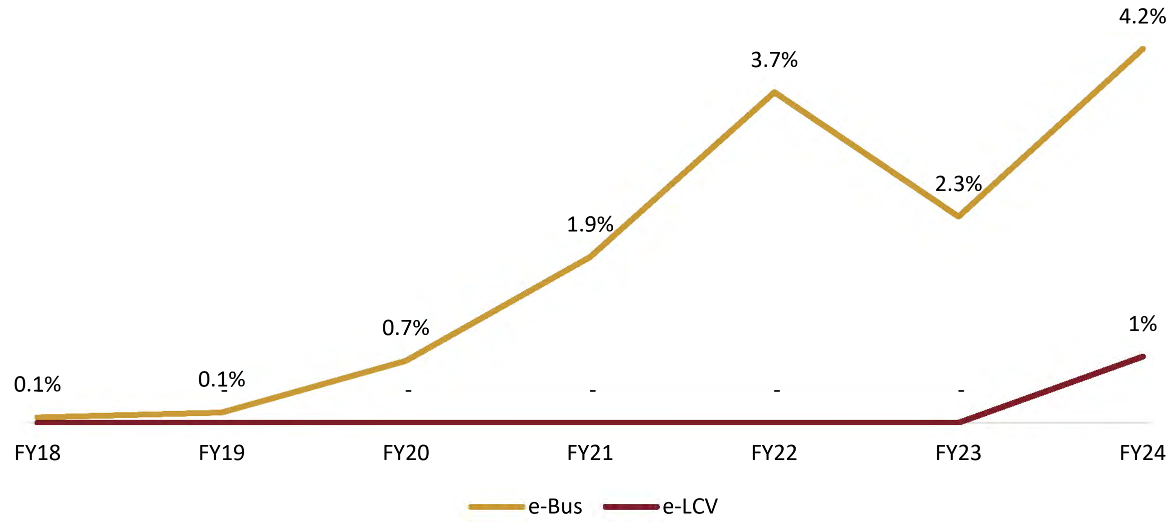
Electrification in commercial vehicles

The Government of India has undertaken several steps to ensure proliferation of electric vehicles, such as Faster Adoption and Manufacturing of Hybrid & Electric Vehicles (FAME I & FAME II), Phased Manufacturing Program (PMP) and Production Linked Incentive (PLI) to name a few. The same has been supported by lucrative state EV policies, which a few progressive states have released.

Electric vehicles share of various vehicles segments such as two wheelers, three wheelers, passenger vehicles and buses are still in single digits despite multiple measure by the Government to support electric vehicle sales. EV penetration is low currently due to many issues such as limited presence of mainstream OEMs, model availability in certain segments like motorcycles, lack of charging infrastructure, financing availability etc.

Currently, most EVs used in the commercial segment as goods carries are three-wheelers and LCVs are picking pace. However, as the cost differential between electric and diesel vehicles start reducing, CRISIL expects new models to be launched, which will drive sales in the segment as the third-mile logistics and local distribution of goods are well suited applications for electric vehicles.

EV penetration in CVs (FY2018-FY2024P)



Note: FY21 and FY22 were COVID impacted years and hence the overall sales of buses were low which leads to low base effect in FY21 and FY22

Source: CRISIL MI&A, VAHAN

Electrification in passenger vehicles (buses)

EV bus registrations skyrocketed in the last 3 years backed by adoption by STU as well as government incentives. During fiscal 2019-2023 period, EV bus registration increased at a breakneck pace of 133% CAGR with more than 600% on year growth clocked in fiscal 2020. EV penetration was insignificant till fiscal 2019, it gained some pace during fiscal 2020 and received a real boost during fiscal 2022 to reach more than 1,100 units and reached 3.7% of overall registrations. Growth momentum continued in fiscal 2023 with y-o-y growth of 61% reaching more than 1,900 units.

Due to the government support through FAME and focus on quicker adoption of EVs in public transport, there has been a significant increase in electric bus sales in the last couple of years. Operational profiles of buses with fixed routes and regular stops make them suitable for charging at pre-determined intervals and specific locations.

Electrification in LCV goods vehicles

Currently, most of the EVs used in the commercial segment as goods carries are three-wheelers. However, as the cost differential between electric and diesel vehicles start reducing, we expect new models to be launched. This will drive sales in the segment as the third-mile logistics and local distribution of goods are well suited applications for EVs. Tata Ace EV is the only e-SCV currently in the market.

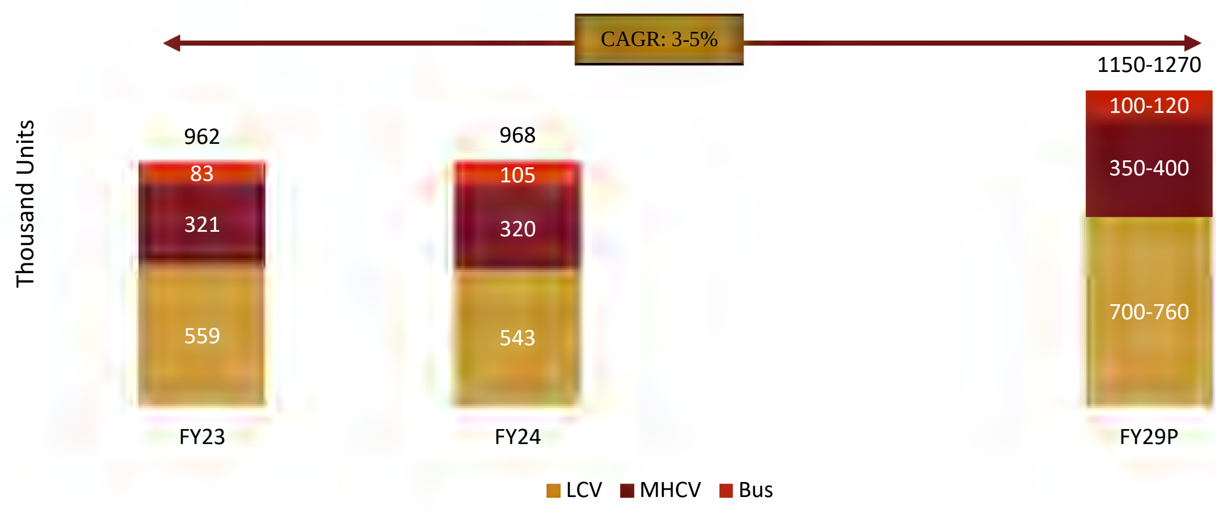
Outlook on Indian Commercial Vehicle Industry

Production Outlook (FY24-FY29)

The CV industry recovered spectacularly in fiscal 2023, with a 34% growth rate and 0.6% in fiscal 2024, reaching 96% of pre-pandemic levels of fiscal 2019. Increased government spending, robust replacement demand, and strong end-user sectors such as construction and mining are expected to support growth.

Light commercial vehicle goods (LCV) sales derew by -3% in fiscal 2024, supported by sustained replacement demand with rising competition from electric three-wheelers, especially in the sub one tonne segment restricting further expansion. In fiscal 2023, LCV sales recorded impressive growth of 23%, rebounding to 99% of pre-pandemic levels. The surge in sales can be attributed to robust replacement demand, especially in the sub-one-tonne category, which was deferred due to economic challenges and the pandemic. However, LCV sales declined 9% in the first quarter of fiscal 2024 due to supply side constraints on account of OEMs transitioning to BS VI stage II emission standards. Despite this setback, the industry anticipates a revival in sales in the upcoming quarters, driven by a good monsoon season and an improved economic outlook with the easing of supply constraints.

Figure 2: Commercial vehicle domestic sales outlook



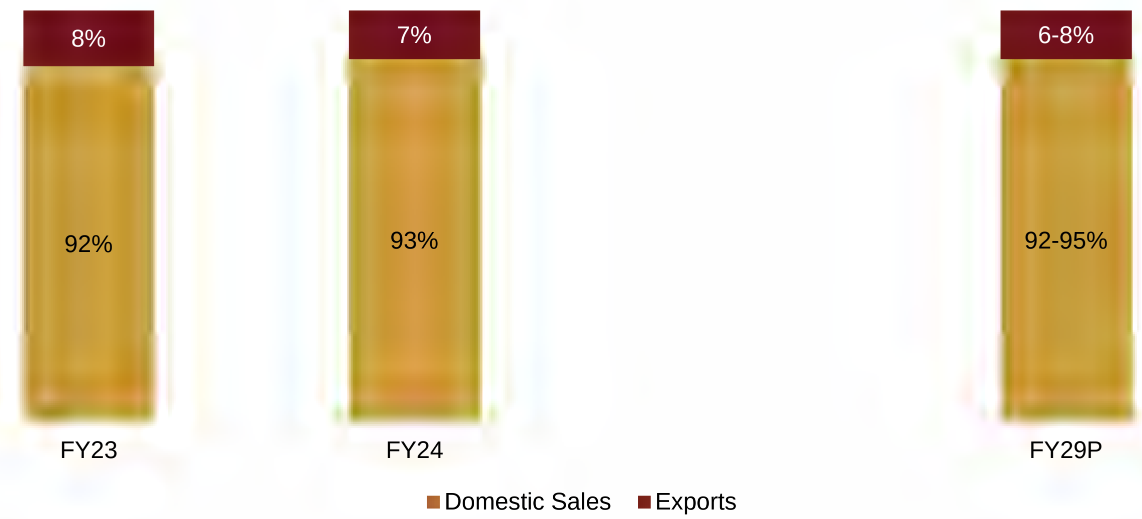
P: Projected; E: Estimated, Source: SIAM, CRISIL MI&A

Split by domestic sales and exports

The Indian CV industry is expected to remain domestic-focused, with domestic sales comprising ~93% share of production even in fiscal 2029. However, with exports projected to grow at 5-7% CAGR between the fiscal periods 2024 to 2029, their contribution to overall production is likely to remain flat.

The economic slowdown is anticipated to lead to reduced consumer spending and investment in various regions, subsequently impacting merchandise trade volumes and posing significant challenges for India's export prospects.

Figure 3: CV industry split into domestic sales and exports



Note: P - Projected

Source: SIAM, CRISIL MI&A

CRISIL MI&A expects sales of commercial vehicles to grow at a CAGR of 3-5% between fiscals 2024 and 2029 aided by healthy industrial growth, focus on infrastructure and higher mining production. CV sales has plummeted ~29% in fiscal 2020 and further by ~21% in fiscal 2021. The fall in sales had created a low base over which volumes have witnessed growth of ~26% in fiscal 2022. In the last three years (FY2020-FY2023), the industry demonstrated a strong CAGR of 10%. The rise in tonnage addition is expected to be driven by an improved product mix, with a notable surge in demand for Multi-Axle Vehicles (MAV) and T-Trailer despite a shift to lower tonnage vehicles due to axle norm regulations.

Split by Commercial Vehicle Segments

LCV sales to grow at a modest pace in the long run.

Light commercial vehicle (LCV) demand is expected to grow at a 5-7% CAGR from fiscal 2024 to fiscal 2029, owing to increased private consumption, lower penetration, increased availability of redistribution goods, and improved financing. The industry grew at a 4% CAGR between fiscal 2018 and 2024.

Upper-end light commercial vehicles (ULCVs) provide lower returns to the transporter than ICVs and are best suited for captive use. Entry restrictions on ICV trucks and higher tonnage MHCVs are expected to keep demand from this segment buoyant. However, the higher toll on ULCV trucks versus pickups will limit segment growth.

SCV segment now offers a diverse range of products in various tonnages that cater to the needs of all types of customers. To fill tonnage gaps, players have launched a slew of new products, particularly in the last five years. In addition, the availability of CNG options is expected to keep volumes in this segment stable.

Medium and Heavy Commercial Vehicles Set to Thrive in the Coming Five Years

The MHCV industry is expected to grow significantly, with a compound annual growth rate (CAGR) of approximately 2-4% projected from fiscal year 2024 to fiscal year 2029.

Long-term MHCV sales are likely to be driven by several factors, including the country's improving industrial activity, consistent agricultural output, and the government's continued emphasis on infrastructure development. However, volume growth may be limited due to efficiencies gained from the implementation of the Goods and Services Tax (GST), the development of improved road infrastructure, and the commissioning of the dedicated goods corridor (DFC). Nonetheless, the industry remains on a promising growth trajectory in the coming years.

Over the next five years (fiscal 2024-2029), industry GVA is expected to be robust, driven by the government's emphasis on "Make in India." Furthermore, infrastructure improvements and higher-than-expected corporate spending are expected to support the capex cycle after fiscal 2024.

Bus demand is to witness strong growth over the next five years.

Domestic bus sales are expected to grow at a CAGR of 1-3% between fiscal years 2024 and 2029. Increased demand for inter-city/state travel, aided by improved road infrastructure, and higher personal disposable incomes will drive growth. The unregulated segment, which primarily serves demand from schools, businesses, and intercity travel by private operators, will continue to be the largest end-user. However, the implementation of metro-rail and monorail in several cities would have an impact on future bus sales growth. In terms of penetration (buses per 1,000 people), India ranks last among the countries studied, with 1 bus per 1,000 people and a 35% urbanization rate. These calls may have an upside if the scrappage policy is enforced, as well as increased urbanization and replacement of JNURM buses purchased between FY10 and FY13.

Key Growth Drivers for Domestic Sales and Export Sales

Increasing freight rates to aid in materialization of deferred demand

In fiscal year 2024, fuel prices constituted approximately 55% of transporter costs, exerting a considerable influence on their overall profitability. During this period, diesel prices experienced a modest increase of around 2%. Concurrently, freight rates also rose by an estimated 6%, signalling improved transporter profitability and heightened demand for freight services. These favourable factors are expected to boost Commercial Vehicle (CV) sales, as the industry capitalizes on the increased demand in the transportation sector

Shift in fuel types of CVs to CNG

The adoption of Compressed Natural Gas (CNG) in the Light Commercial Vehicle (LCV) segment faced challenges in fiscal year 2024 due to a significant 57% increase in CNG prices relative to a minor 2% rise in diesel prices. As a result, the gap between CNG and diesel prices narrowed, leading to a reduction in the Total Cost of Ownership (TCO) benefits of CNG models. Consequently, the LCV segment observed a marginal decline in the share of CNG vehicles, indicating possible shifts in consumer preferences.

In fiscal 2023, the share of CNG models in the LCV market dropped from 15% in the previous fiscal year to 12%. Similarly, in the Medium and Heavy Goods Vehicle (MHGV) category, the share of CNG MHGV vehicles sold reduced from 11% in fiscal year 2022 to approximately 5% of total sales in fiscal 2023. The increased cost of CNG compared to diesel impacted demand, prompting consumers to opt for diesel-powered vehicles instead.

Stable agricultural output

Over fiscal 2024 to 2029, CRISIL projects 3-4% gross value added (GVA) growth in agriculture. In fiscal 2024, Agri GVA grew at 2% over last year and expected to remain steady in coming years.

In the current fiscal, kharif sowing was initially delayed due to the delayed monsoon. However, sowing has picked up in recent months. Moreover, higher MSP allocation for fiscal 2024 and good prices in mandis have maintained the positivity on-ground. Going ahead, the rainfall progress and spread to play a key role for the current kharif cycle. The progress of the monsoon and its impact on rural demand especially for two wheelers and tractors, remain as key monitorable.

Healthy industrial growth

The Indian industry's GVA grew at a tepid pace of 3.7% between fiscals 2019-2024. After ~5% growth in fiscal 2019, industrial GVA witnessed contraction in the next two years amidst the unfavourable macroeconomic scenario and the Covid pandemic.

From the low base of fiscal 2021, industrial GVA bounced back rapidly in fiscal 2022 and grew at ~11.5%. Gradual improvement continued in fiscal 2023 at 4.4% and ~3% in 2024. Over the next five-year period (fiscal 2024-2029), industry GVA is expected to be robust driven by the government's focus on 'Make in India'. Moreover, improvement in infrastructure and higher expected corporate expenditure is likely to support the capex cycle going forward post fiscal 2024.

Government’s focus on infrastructure

The National Infrastructure Pipeline (NIP) for fiscal 2019-2025 is a government initiative to develop infrastructure across the country and provide world class services to its citizens. The total capital expenditure in infrastructure sectors in India during fiscal 2020 to 2025 is projected at Rs 111 lakh crore.

The NIP plan aims to double infrastructure investment per year from the current average of Rs 10 lakh crore per year to Rs. 22 lakh crore per year. Of the total NIP investment of Rs 111 lakh crore, Rs. 44 lakh crore (40%) worth of projects are under implementation, Rs. 34 lakh crore (30%) worth of projects are at the conceptualisation stage, and Rs. 22 lakh crore (20%) worth of projects are under development. Almost 83% of project allocation indirectly benefits the CV sector in India, and this push for infrastructure is a major driver of growth.

Focus on infrastructure and higher mining production to bolster tipper demand

The budgeted capex allocation for infrastructure ministries for fiscal 2024 has shown a 28% increase over fiscal 2023 RE (revised estimates) to Rs. 18.6 lakh crore. Execution by the National Highways Authority of India (NHAI) will reach up to ~14-15 km/day in fiscal 2027, as against ~11 km/day in fiscal 2021, aided by the Bharatmala project. Projects such as Sagarmala and investments in various irrigation projects will further drive MHCV demand. We expect coal production to expand at ~4.5-5.5% CAGR between fiscals 2024 and 2029, while iron ore mining will also likely grow at ~3.5-4.5% CAGR during this period, aiding tipper demand.

Capacity utilization and profitability of transporters

Utilization of transporters depends on:

- Availability of freight - driven by growth in industrial and agricultural production and port traffic

- Regulations on vehicle age, weight, permit and tax norms
- Improvements in road infrastructure, which improve the turnaround time

A rise in utilization translates into better cash flow for transporters and, hence, augurs well for CV sales.

Factors influencing transporter profitability are:

- Freight rates and capacity utilization
- Bargaining power
- Fuel cost and fuel efficiency
- Capital cost
- Agency commission and wage cost
- Operating and maintenance costs, such as tyre prices and toll rates

The dynamics of the domestic freight transport industry (DFTS) play an important role in determining demand for CVs.

Replacement demand

LCVs are typically replaced every 6-8 years, and vehicles purchased between fiscal years 2011 and 2013 were due for replacement in fiscal year 2019.. This strategic replacement cycle contributed to stable sales in fiscal year 2019 and prevented a major decline in LCV sales in fiscal year 2020 after robust sales in fiscal years 2018 and 2019. The postponement of replacement volumes since fiscal year 2020 has further supported LCV demand volumes in fiscal year 2024 and is expected to sustain growth in fiscal year 2025.

JNNURM – I (Jawaharlal Nehru National Urban Renewal Mission) buses, sold during the peak seasons of fiscals 2011 and 2012, are expected to be replaced once funds are released by the central and state governments for purchase. This replacement is expected to gain pace now, aiding long-term MCV bus growth. The government's mandate to replace private vehicles (such as vans) with school buses in some cities, is also expected to augur well.

Also, the centre's scrappage policy is likely to attract 600,000-650,000 MHCV vehicles for scrapping there by driving the replacement demand.

Scrappage policy

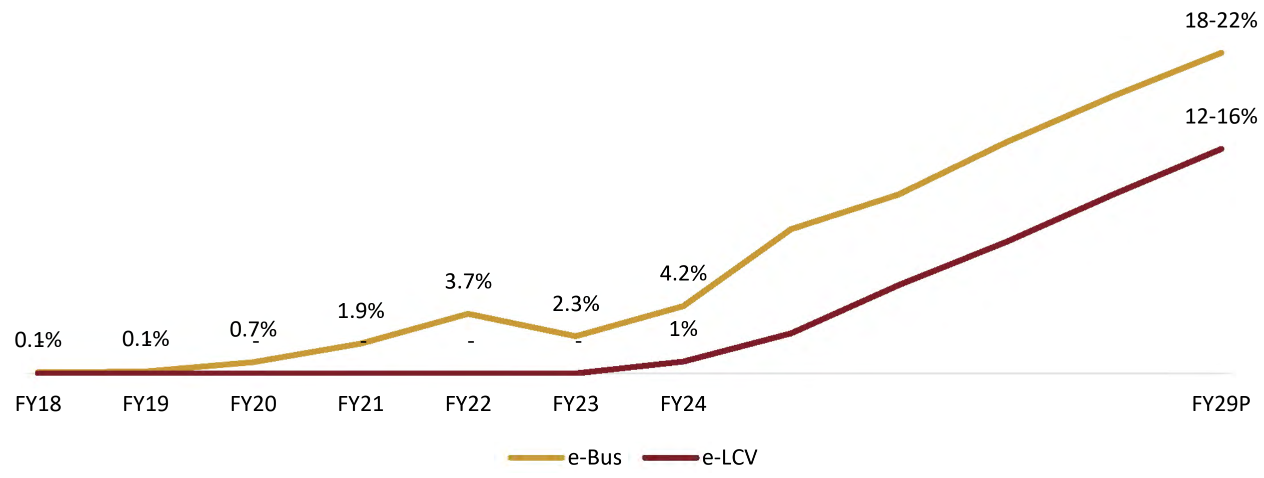
MoRTH, in August 2018, considered incentivizing the scrapping of vehicles sold before April 2005 (15 years old). After deliberations on the modalities on implementation of the norm, the government currently aims to promote vehicle scrapping by exempting registration charges for truck purchases made after scrapping older trucks..

Commissioning of dedicated freight corridors (DFCs) to put brakes on road freight and hence CV sales

The DFCs are expected to help the Indian Railways regain its lost freight share, by reducing turnaround times between the importing and consuming destinations. Not only will the DFC induce faster freight movement, but it will also allow for faster evacuation of cargo from the ports, thereby improving efficiency. In fact, the DFCs and the associated logistics parks are likely to help industries significantly reduce their plant-level inventory as well, enabling savings in working capital. Moreover, the shifting of freight to rail will aid the economy by decongesting major highways.

Thus, the roads segment, which has outperformed rail over the past decade, could lose some share once the DFCs are commissioned.

Estimated Penetration of Electric Commercial Vehicles by FY29



Note: FY21 and FY22 were COVID impacted years and hence the overall sales of buses were low which leads to low base effect in FY21 and FY22

Source: CRISIL MI&A, VAHAN

Electrification in passenger vehicles (buses)

EV bus registrations skyrocketed in the last 3 years backed by adoption by STU as well as government incentives. During fiscal 2019-2023 period, EV bus registration increased at a breakneck pace of 133% CAGR with more than 600% on year growth clocked in fiscal 2020. EV penetration was insignificant till fiscal 2019, it gained some pace during fiscal 2020 and received a real boost during fiscal 2022 to reach more than 1,100 units and reached 3.7% of overall registrations. Growth momentum continued in fiscal 2023 with y-o-y growth of 61% reaching more than 1,900 units.

Electrification in LCV goods vehicles

Currently, most of the EVs used in the commercial segment as goods carries are three-wheelers. However, as the cost differential between electric and diesel vehicles start reducing, we expect new models to be launched. This will drive sales in the segment as the third-mile logistics and local distribution of goods are well suited applications for EVs. Tata Ace EV is the only e-SCV currently in the market.

Consequently, as depicted in the chart above, EV sales in the LCV goods segment can rise to 81,000-82,000 vehicles by fiscal 2028. This would be about 12-13% of the total LCV goods vehicle market, as CNG offers better TCO in near future and will be preferred over electric variants. Further EV penetration is expected to grow and reach 12-16% by fiscal 2029.

Electrification in HCV goods vehicles

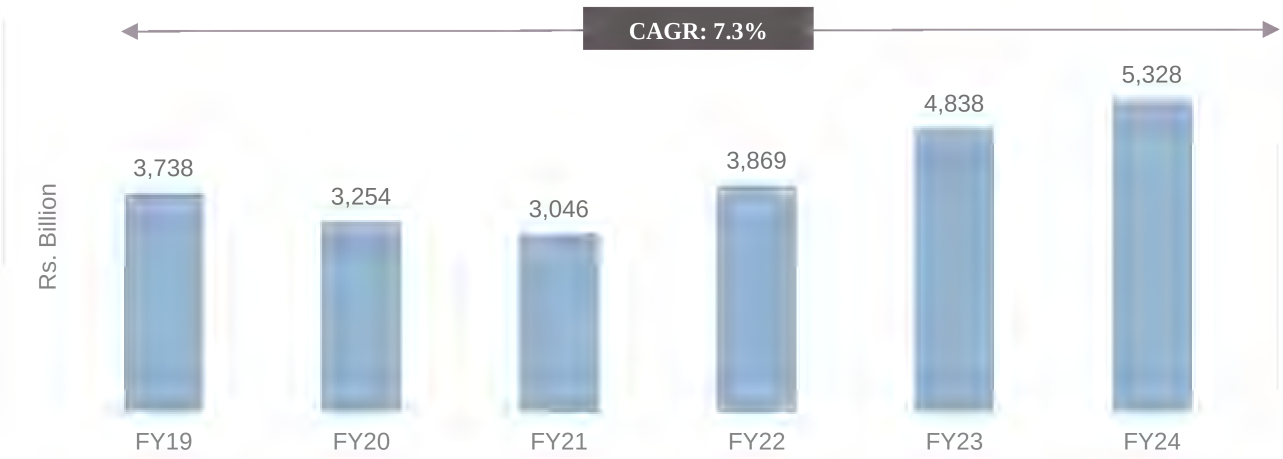
EV adoption in the HCV segment is expected to be negligible in the near future as operational profile makes them highly expensive. Further, the current charging infrastructure is not suitable for larger HCV batteries, which will make electric adoption unviable for some time.

REVIEW AND OUTLOOK ON THE INDIAN COMPONENT SECTOR IN VALUE TERMS

Review of the Indian Auto Component Sector in Value terms

In the industry, OEM customers typically follow a stringent, time-consuming process for selecting, inspecting, and reviewing manufacturers. This thorough approach ensures alignment with quality standards, reliability, and long-term partnerships. The machines used for manufacturing auto-components by manufacturers are generally imported in India, but companies which have inhouse capability have an competitive advantage

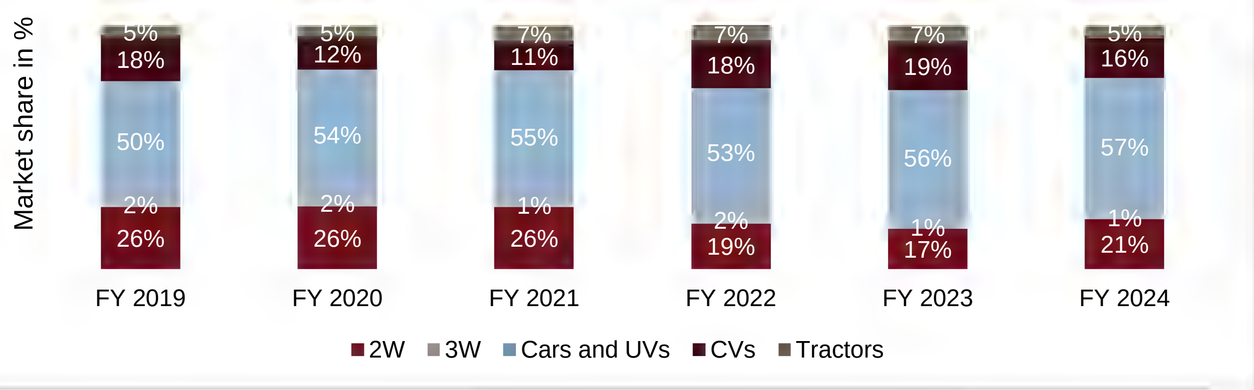
Domestic production of auto components (FY19-24)



Source: CRISIL MI&A

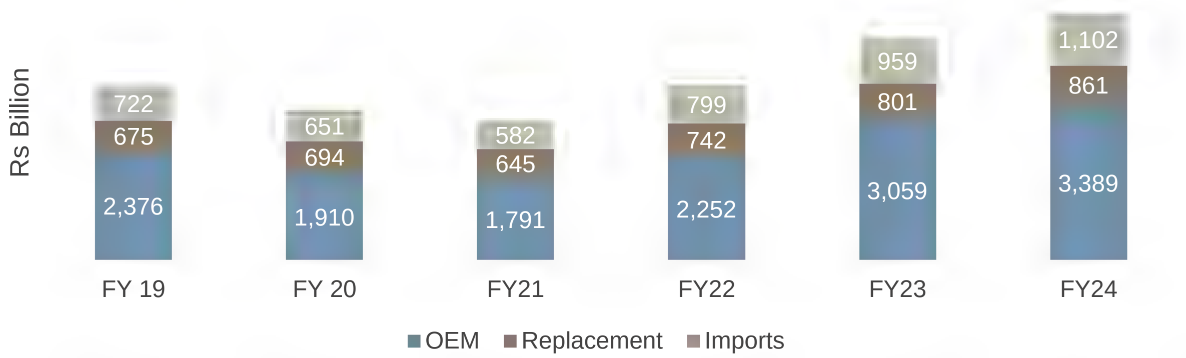
OEM Auto Component Industry Split by Vehicle Categories

Review of Auto component production segment by vehicle category



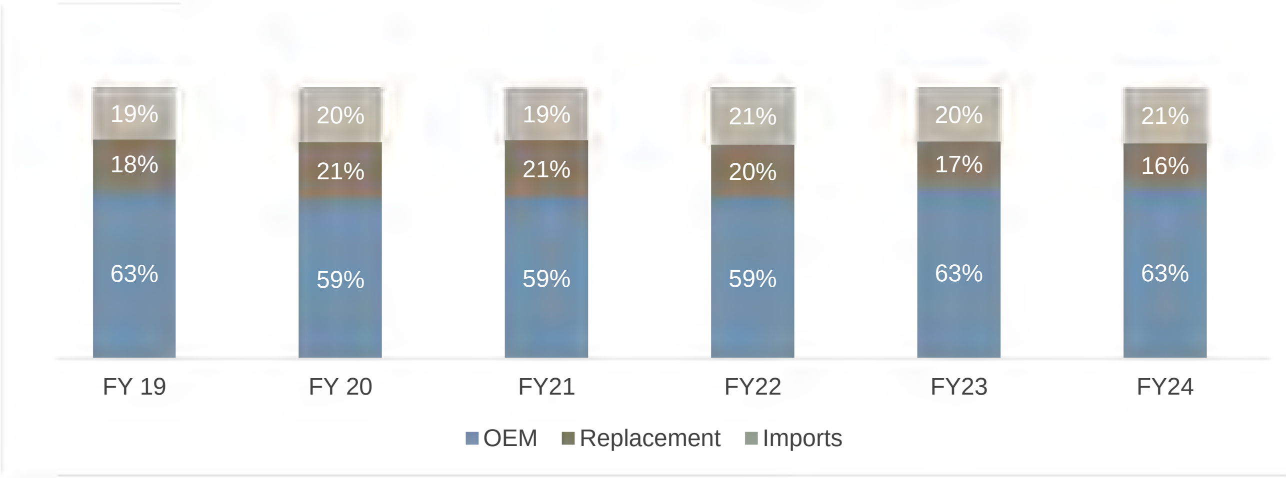
Source: SIAM, CRISIL MI&A

Trend in domestic consumption of automotive components (FY19-24)



Source: CRISIL MI&A

Review of Auto component consumption segment



Source: CRISIL MI&A

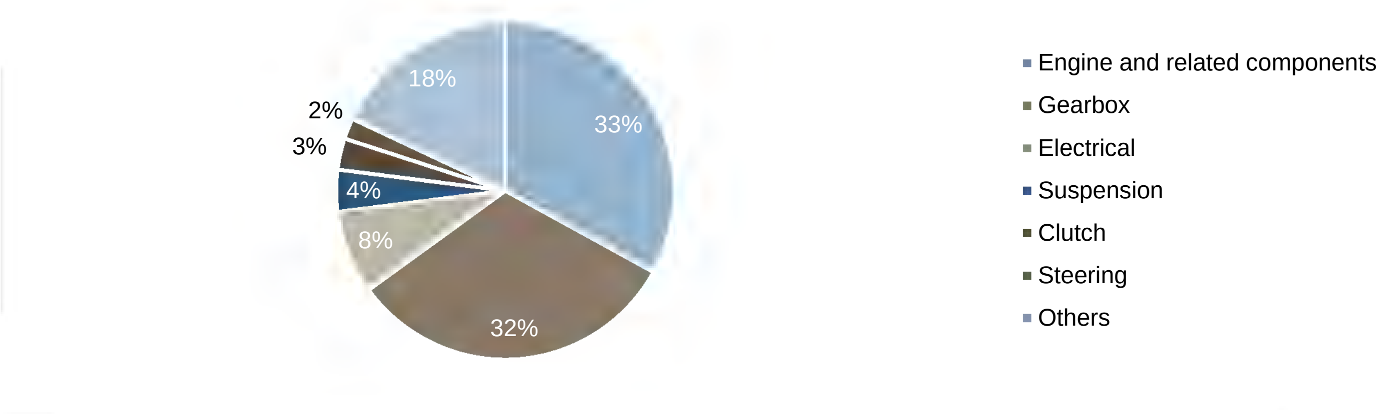
In fiscal 2024, replacement segment is expected to clock 6-8% growth supported by the economic growth. In fiscal 2023, replacement demand growth was on the back of healthy OEM demand witnessed between fiscals 2017 and 2019. Assuming a two to three years of lifespan of automotive components, pent-up demand from fiscal 2020 and 2021 is likely to have translated into replacement opportunity in fiscals 2022 and 2023. Additionally, demand in the replacement market is expected to grow due to an increase in penetration of cab aggregator services in the overall stock of passenger vehicles in the medium term.

Split by major auto component categories

Major auto component from the revenue share is Engine component followed by suspension and breaking, drive transmission and steering etc.

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs.

Segment wise production break-up (FY24)



Source: Automotive Component Manufacturers Association (ACMA), CRISIL MI&A

Historic Growth drivers for Indian auto component industry

Demand side factors:

Vehicle production: Passenger vehicles, commercial vehicles and tractors are seen surpassing pre-Covid levels of production in fiscal 2023 while 2W, 3W will recover from slump in fiscals 2021 and 2022, albeit still below pre-Covid levels. Healthy demand from OEMs has been driving auto-component demand followed by replacement and export markets.

Rising Per capita income: In fiscal 2021, per capita income declined 8.9% owing to GDP contraction amid the pandemic's impact. On the lower base of fiscal 2021, per capita income rose 7.6% in fiscal 2022.

Electrification

To curb pollution levels, EVs are gaining global interest. In India as well, EVs are gaining popularity as the government is extending support via various policies to encourage EV adoption. Furthermore, growing awareness and concern for environmental issues is likely to drive electrification in India. The government support, coupled with rising awareness about EVs, environmental concerns, as well as the expansion in EV infrastructure is driving electrification in India. The EV segment received a real thrust in the last two years backed by model launches at competitive rates, price hikes in ICE vehicles, elevated fuel costs as well as an improvement in infrastructure support.

Light weighting

Lightweight materials are especially important for hybrid, plug-in hybrid, and pure electric vehicles. Using lightweight materials in these vehicles can offset the weight of power systems such as batteries, electric motors and other drivetrain related components. With EVs penetration increasing, application of lightweight materials in automobiles is expected to grow as the use of these materials would improve the performance of EVs, due to lighter weight the efficiency of the vehicle can increase translating to higher range for a given size of battery, lowering the range anxiety expressed by customers. With high focus on energy efficiency and range anxiety in BEVs, light weighting is gaining increasing focus of automakers globally. Even in ICE vehicles, the need to lower greenhouse gas emission has seen adoption of materials such as aluminium, magnesium, composite materials which are used to make thinner body panels and other structural members which can improve fuel efficiency.

Supply side Factors:

- India has a cost advantage in auto component production since it has cheap labour costs, is the world's second-largest producer of steel, and is close to important automotive markets. This makes it an ideal location for businesses to source vehicle components.

- India exports a significant amount of car components, which is likely to increase in the future years. India excels at manufacturing particular types of vehicle components, such as shafts, bearings, and fasteners, giving it a competitive advantage over other countries.

- The industry has been continuously upping its quality standards and developing new products to compete globally. Trade liberalisation in western markets has led to the emergence of Asia as an export hub for Europe, and North and South America over the past decade. With supply-chain realignment, several countries (including India) are likely to emerge as global outsourcing hubs in the coming years.

- Many domestic manufacturers have successfully entered strategic alliances/collaborations, while others are actively testing the waters. Many of the world's leading Tier 1 suppliers have set up manufacturing facilities in India, including Bosch, Delphi, Visteon, and Denso. Additionally, some suppliers already meet global technical and quality standards at the Tier 1 level. Some of India's leading OEM suppliers include TACO, Bharat Forge, Sundaram Clayton, and Sundaram Brake Linings.

- 2W automakers are introducing new models more frequently ever than before. This will also drive growth of the auto component industry as changes in the process of manufacturing and designing will support the pricing power of component manufacturers.

- Decline in auto component manufacturing in Europe largely due to rising energy costs, driven by geopolitical tensions and stringent environmental regulations, which have eroded profitability and led to reduced production capacity have also contributed to India's advantage. At the same time, the China +1 strategy has driven companies to diversify their manufacturing bases, with India emerging as a preferred alternative due to its lower costs, supportive government policies, and strategic location near growing markets.

Policy support:

- PLI schemes on automobiles and auto components are estimated to generate a capex of Rs. 74,850 crore (US$ 9.58 billion) over the next five years. Under the automated route, 100% FDI is permitted in the auto components business. The Bharat New Car Assessment Programme (BNCAP) will not only enhance the auto component value chain, but it will also push the production of cutting-edge components, inspire innovation, and nurture global excellence.

- 115 companies applied for the Rs 25,938 crore Production Linked Incentive (PLI) scheme for the automotive and the auto component sector and 75 companies have been approved for the Component Champion Incentive scheme. Incentives are applicable for vehicles and auto components manufactured in India from 1st April 2022 onwards for a period of 5 consecutive years. The proposed incentives for original equipment manufacturers range from 13% to 18% of determined (incremental) sales value, while those for component manufacturers vary from 8% to 13%.

- As FAME Scheme concluded on March 31, 2024, The Government of India's Automotive Mission Plan (AMP) 2006-26 has been critical in assuring the sector's growth.

- The Electric Mobility Promotion Scheme (EMPS) 2024, introduced by the Ministry of Heavy Industries which aims to accelerate the adoption of two-wheelers (2W) and three-wheelers (e-3W) electric vehicles (EVs), further boosting green mobility and supporting the development of the EV manufacturing ecosystem was initially launched with a budget of ₹500 crore for four months, starting from April 1, 2024, until July 31, 2024. The scheme has now been extended by two months, up to September 30, with an increased budget allocation of ₹730 crore.

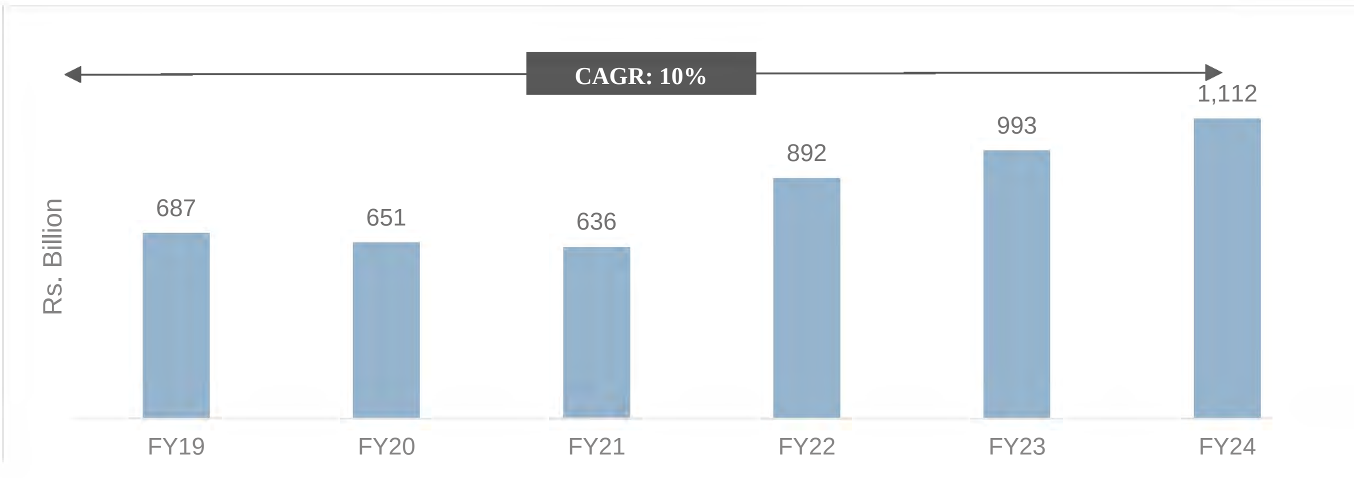
Auto Component Exports Share to Overall Auto Component Market Size as of FY24

Auto component exports accounts for 21% of the overall demand in FY24 and is projected to record a 7-9% on year growth in fiscal 2025 post expected growth of 11-13% in fiscal 2024. The growth would be on the back of demand from North America and Europe which together contributed ~45-50% to the export demand during April-Jan fiscal 2024. Export revenues are also expected to be supported by increased global demand and China +1 strategy. However, rising inflation and global economic slowdown remains key monitorable.

Exports witnessed growth in fiscal 2024 despite higher base of fiscal 2022. Demand from North America surged by 19% whereas Europe witnessed modest growth of 3% on-year during fiscal 2023 over a high base. From April to May 2024, demand form North America and Europe grew by 8% and 21% respectively.

India’s top exports destinations are United States (27.8% of total exports), Germany (6.9%), Turkey (5.4%), Brazil (3.7%). Export demand has shown strong recovery post unlock. However, demand from Europe has been under pressure due to recessionary fears and global slowdown.

Review of exports of auto components (FY19-24)



Source: CRISIL MI&A

Outlook of the Indian Auto Component Sector in value terms (FY25-FY29)

OEM Auto Component Industry by Vehicle Category

CRISIL MI&A expects auto component market size to grow at 9-11% CAGR between fiscals 2024 and 2029 to reach Rs. 8,500-9,000 billion. This is more than ~7% CAGR observed during fiscal 2019 to fiscal 2024. Long-term growth to appear higher over a low base wherein the auto component industry witnessed a significant decline in the preceding two fiscals (FY20 and FY21). Demand from all segments has grown further post fiscal 2023.

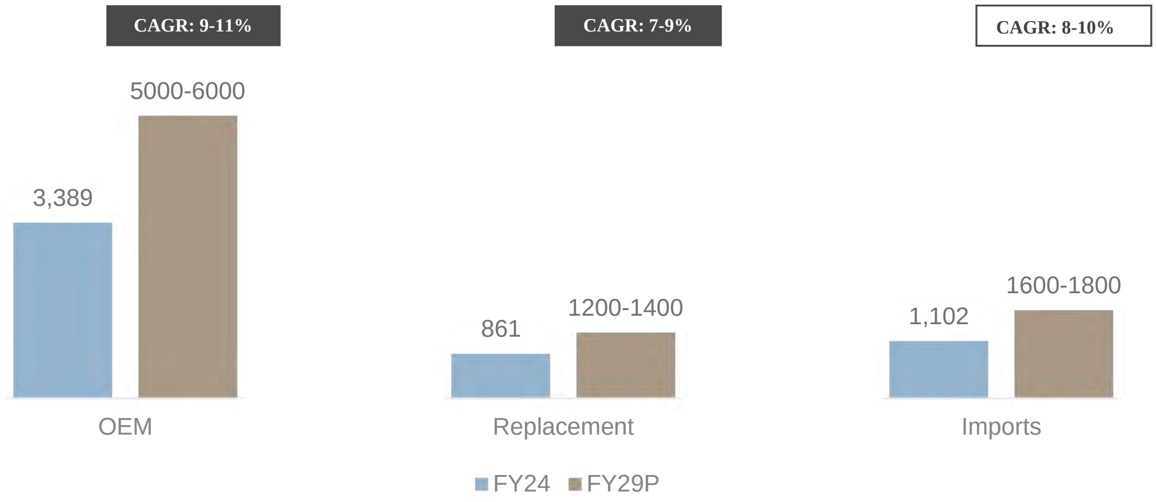
CRISIL MI&A projects auto component revenue is expected to increase by 8-10% in fiscal 2025. This can be attributed to increase in OEM demand, driven by the recovery in commercial vehicles (CV) and passenger vehicle demand. On the export front, Auto component exports (accounting for 21% of the overall demand in fiscal 2024) are projected to witness growth going ahead post higher double-digit growth post fiscal 2024.

Fig: Outlook on domestic production of auto components (FY24-29P)

E: Estimated, P: Projected

Source: CRISIL MI&A

Outlook on domestic consumption of auto components (FY24-FY29)



E: Estimated, P: Projected

Source: CRISIL MI&A

The growth in FY25 will be aided by recovery in economy (GDP growth of ~6.8%), buoyant demand from OEM and replacement market.

OEM demand is expected to clock 9-11% CAGR between fiscals 2024 and 2029 on the back of robust production growth across asset classes in the medium term (on a low base) and aided by realisation growth via OEM price increases.

Growth Drivers for Indian Auto Component Industry

Healthy replacement demand along with an increase in realisations, to support replacement demand

The auto component replacement market is projected to increase by 7-9% CAGR between fiscal 2024 and 2029. This is due to increased OEM demand between fiscals 2017 and 2019 along with two to three years of replacement cycle. Moreover, auto component players undertook price hikes in recent months to offset the uptick in commodity prices. Hence, rising realization, to some extent, coupled with pent-up demand from fiscal 2021 wherein the vehicular movement was restricted is likely to aid the demand growth. Besides, demand in the replacement market is expected to grow due to an increase in penetration of cab aggregator services in the overall stock of passenger vehicles. Nonetheless, increased durability of components (better quality), better road infrastructure and increase in service intervals would restrict the robust growth.

'Make in India' push is likely to put brakes on import growth in the long term

Imports are expected to grow by 8-10% between fiscal 2024 and 2029. The government's high focus on electric vehicles (EVs) and imports of batteries and cells, battery management systems (BMS) is expected to drive growth in the long term, although to be restricted by low EV penetration in the near term. However, government initiatives of production linked incentive scheme to provide Rs 18,100 crore for advanced chemistry cell batteries is expected to increase localization of battery manufacturing. This will in turn reduce such imports going ahead.

Vehicle production

CRISIL MI&A expects almost all vehicle segments to log robust production growth over fiscals 2024-29. Production of 2Ws, 3Ws, PVs and CVs are projected to grow at a CAGR of 7-9%, 10-12%%, 5-7% and 3-4%, respectively, over the forecast period. Key macroeconomic trends are also likely to support demand for 2Ws, 3Ws, and PVs over the medium to long term. CRISIL MI&A expects urbanisation to reach 37-38% by fiscal 2027 from ~35% in 2020. India's per capita income is also projected to log a 6-7% CAGR over fiscals 2022-27. These factors are likely to drive premiumisation across vehicle segments.

Rising Per Capita Income

According to the International Monetary Fund's estimates, India's per capita income (at current prices) is expected to increase at a 7.6% CAGR over CY 2023-28, which is further expected drive demand across vehicle segments.

Growing electronics content per vehicle:

The use of semiconductors in automobiles has increased manifolds in the past couple of years. Semi-conductors find their use in engine control units, power steering, airbags, reverse parking assist, smart keys, telematics, in-car entertainment, and other applications inside an automobile. Among vehicle segments, the intensity of use of semiconductors is higher for passenger vehicles (especially high-end models) and moderate for commercial vehicles while lesser for two-wheelers (except premium motorcycles) and tractors as there are fewer electronics used.

Critical component mix is increasing in the auto component exports basket

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs. Typically, automotive OEMs are highly selective in qualifying suppliers with respect to critical products given the risks of switching suppliers, especially where product reliability is critical.

Outlook on auto component exports share to overall auto component market size FY25-29

CRISIL MI&A expects auto component market size to grow at 9-11% CAGR between fiscals 2024 and 2029 to reach Rs. 8,500-9,000 billion. This is more than ~7% CAGR observed during fiscal 2019 to fiscal 2024. Long-term growth to appear higher over a low base wherein the auto component industry witnessed a significant decline in the preceding two fiscals (FY20 and FY21). Demand from all segments has grown further post fiscal 2023.

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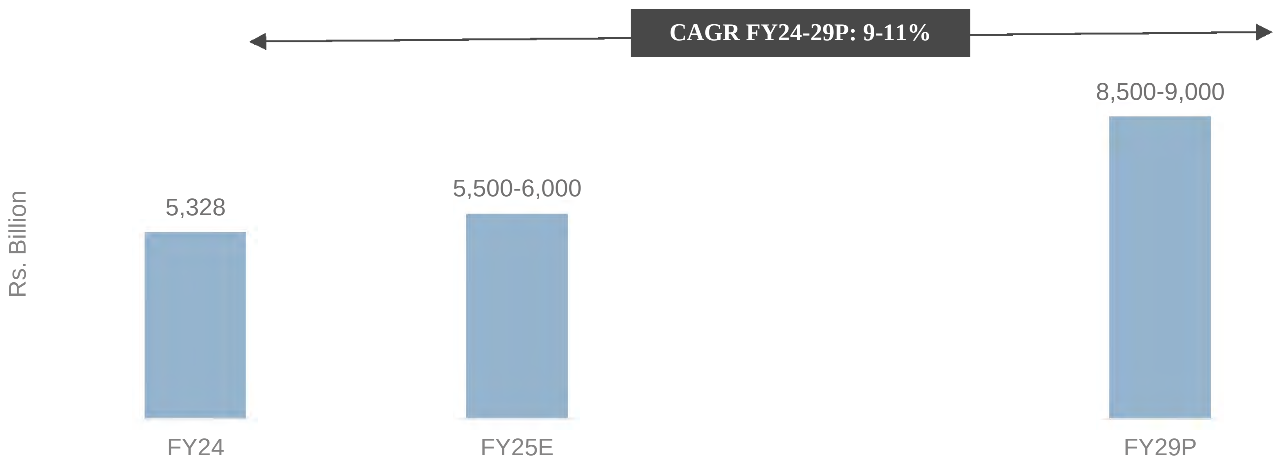
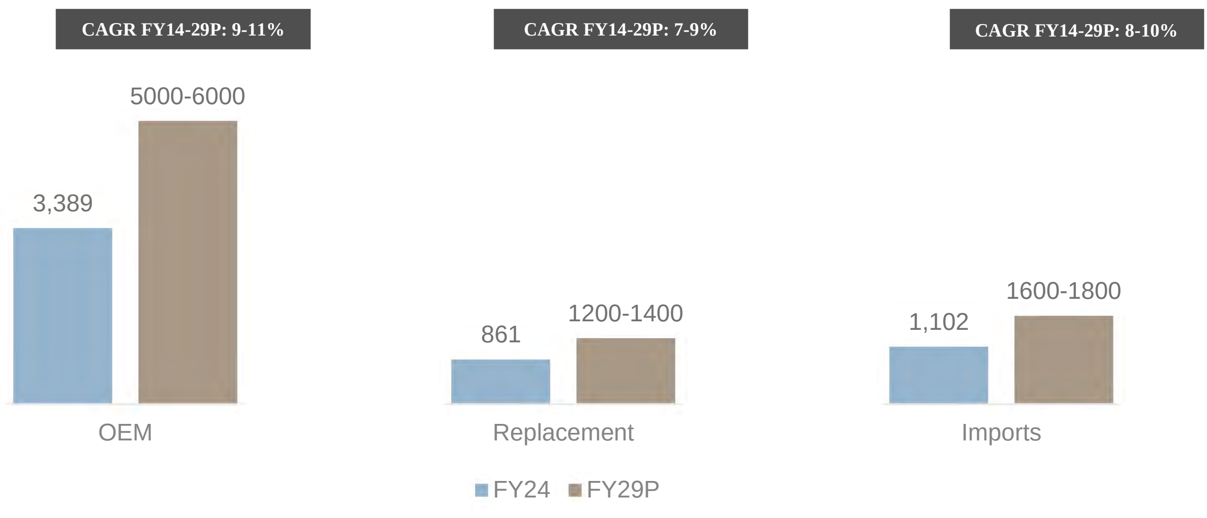
Fig: Outlook on domestic production of auto components (FY24-29P)



E: Estimated, P: Projected

Source: CRISIL MI&A

Fig: Outlook on domestic consumption of auto components (FY24-FY29)



E: Estimated, P: Projected Source: CRISIL MI&A

The growth in FY25 will be aided by recovery in economy (GDP growth of ~6.8%), buoyant demand from OEM and replacement market.

OEM demand is expected to clock 9-11% CAGR between fiscals 2024 and 2029 on the back of robust production growth across asset classes in the medium term (on a low base) and aided by realisation growth via OEM price increases.

Healthy replacement demand along with an increase in realisations, to support replacement demand

The auto component replacement market is projected to increase by 7-9% CAGR between fiscal 2024 and 2029. This is due to increased OEM demand between fiscals 2017 and 2019 along with two to three years of replacement cycle. Moreover, auto component players undertook price hikes in recent months to offset the uptick in commodity prices. Hence, rising realization, to some extent, coupled with pent-up demand from fiscal 2021 wherein the vehicular movement was restricted is likely to aid the demand growth. Besides, demand in the replacement market is expected to grow due to an increase in penetration of cab aggregator services in the overall stock of passenger vehicles. Nonetheless, increased durability of components (better quality), better road infrastructure and increase in service intervals would restrict the robust growth.

'Make in India' push is likely to put brakes on import growth in the long term

Imports are expected to grow by 8-10% between fiscal 2024 and 2029. The government's high focus on electric vehicles (EVs) and imports of batteries and cells, battery management systems (BMS) is expected to drive growth in the long term, although to be restricted by low EV penetration in the near term. However, government initiatives of production linked incentive scheme to provide Rs 18,100 crore for advanced chemistry cell batteries is expected to increase localization of battery manufacturing. This will in turn reduce such imports going ahead.

Export potential for Indian auto components players

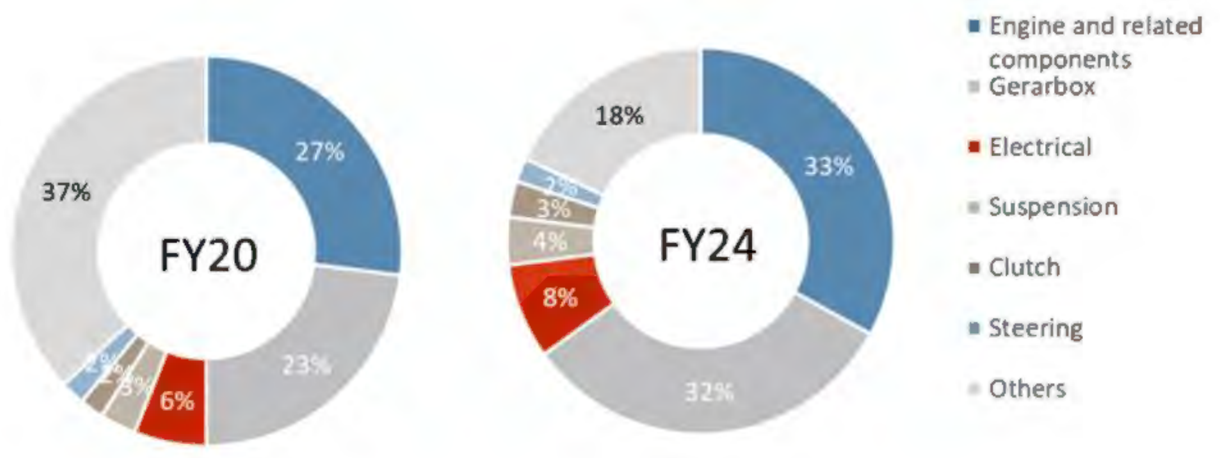
Auto component exports (accounting for 21% of the overall demand in FY24) are projected to record a 7-9% on year growth in fiscal 2025 post growth of 11% in fiscal 2024. The growth would be on the back of demand from North America and Europe which together contribute ~45-50% to the export demand. Export revenues are also expected to be supported by increased global demand and China +1 strategy. However, rising inflation and global economic slowdown remains key monitorable.

In October 2022, the Biden administration imposed a set of export controls that included measures to cut China off from certain semiconductor chips and chip-making equipment. Impact of this in India is a monitorable.

Critical component mix is increasing in the auto component exports basket

India is moving towards the exports of more critical and high value components. For e.g: The share of share of critical components in our total exports have increased from 46% in FY18 to 61 % in FY24. The trend is expected to continue in coming years as well. This is a very big positive as Indian auto comp players have been able to establish their credibility and able to increase ticket sizes and criticality of exports. This upgrading in exports along with the subsidies under the PLI scheme would help further provide a leg up to exports.

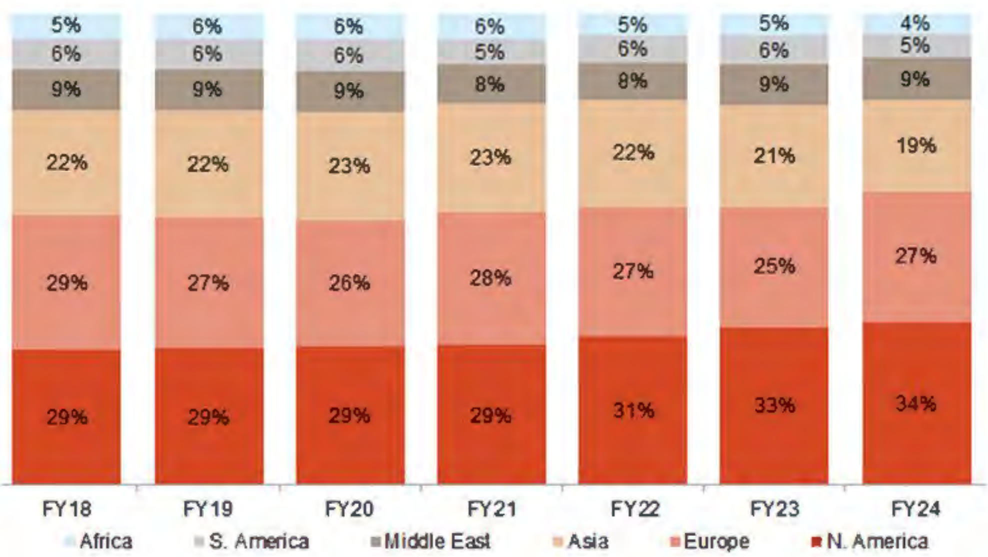
Fig: Mix of components of exports



Source: DGFT, CRISIL MI&A Research

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs.

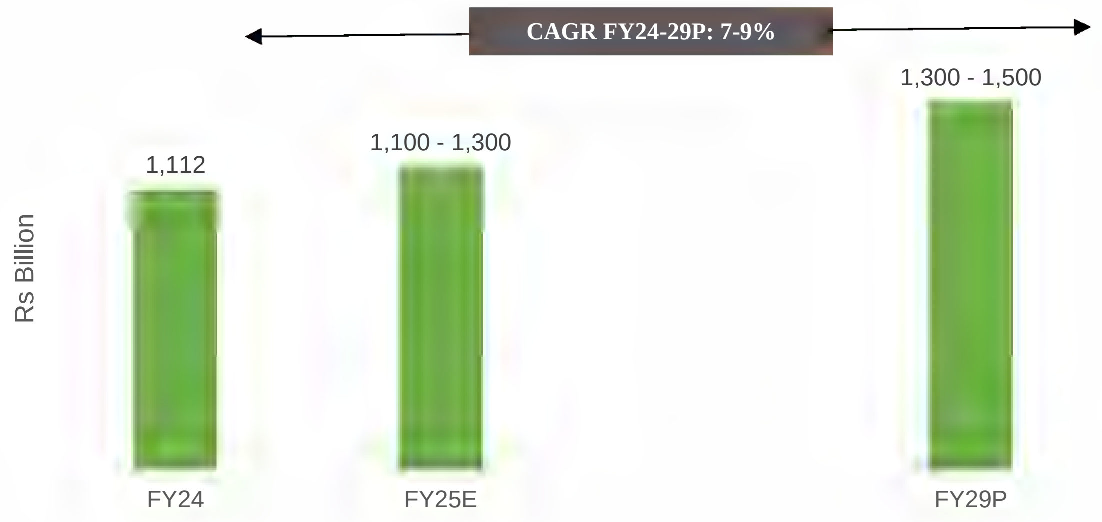
Fig: Mix of countries of exports



	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Africa	5%	6%	6%	6%	5%	5%	4%
S. America	6%	6%	6%	5%	6%	6%	5%
Middle East	9%	9%	9%	8%	8%	9%	9%
Asia	22%	22%	23%	23%	22%	21%	19%
Europe	29%	27%	26%	28%	27%	25%	27%
N. America	29%	29%	29%	29%	31%	33%	34%

Source: CRISIL MI&A

Outlook of exports of auto components (fiscals 2024-29P)

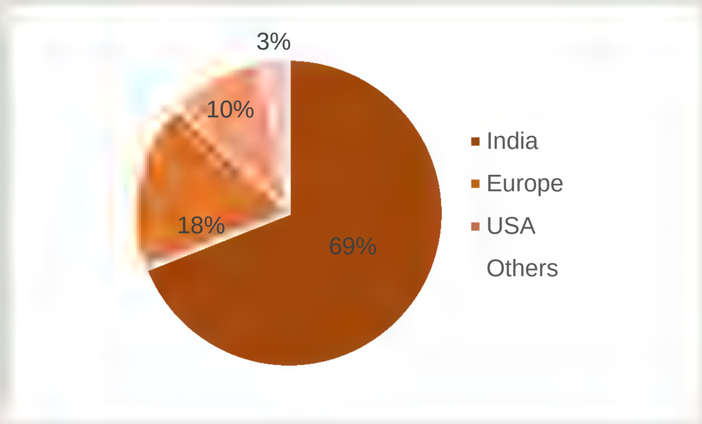


E: Estimated, P: Projected

Source: CRISIL MI&A

BASIC KEY PLAYER PROFILING ACROSS IDENTIFIED AUTO COMPONENT SEGMENT

Sansera Engineering

Key facts	Brief profile
Year of incorporation: 1981 HQ: Bangalore, India	Sansera Engineering is one of the leading Indian manufacturers of (i) connecting rods, crankshafts, rocker arms and gear shifter forks for two-wheelers and (ii) connecting rods and rocker arms for passenger vehicles. Sansera Engineering has a strong presence in precision hot forging, a growing segment. Of the total revenue in FY24, 31% of the total product sales derived from revenue from foreign countries. **Business Breakup:**  Others include China, Vietnam, Thailand, Philippines, Turkey, Taiwan, Japan, Malaysia, Indonesia and South Korea **Capacity:** 132M units per annum

1) Connecting rods - 38.9M per annum

2) Rocker arms – 47.3M per annum

3) Crankshafts (sets) – 5.3M per annum

4) Gear shifter forks – 26.1M per annum

5) Stem comp – 1.5M per annum

6) Others – 12.9M per annum

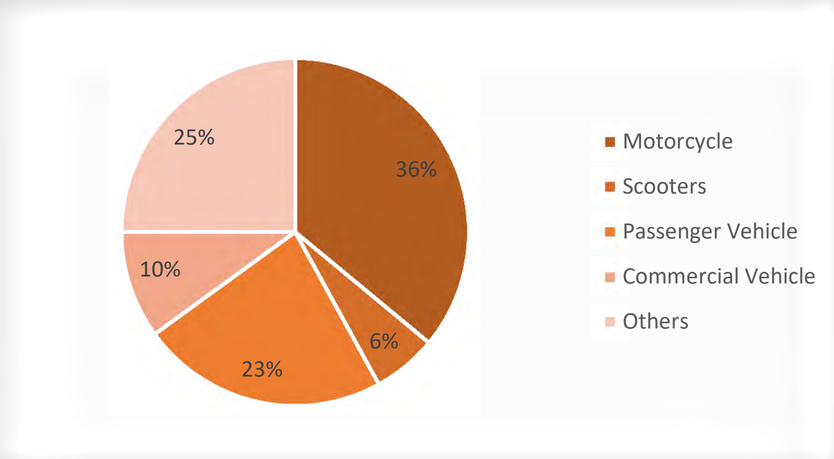
Key clients:

As of FY24, Sansera has 75.43% of the revenue coming from the components supplied to Auto – ICE segment. Some of the key automotive customers include major two-wheeler OEMs in India and European, US, and Japanese premium two-wheeler OEMs; Indian multinational automotive manufacturing companies, Marquee Indian and European OEMs;major Japanese, North American and European PV OEMs; Global suppliers of actuation and motion control systems and Global suppliers of braking systems

Another 12% of the company’s revenue comes from tech-agnostic, one of the major Indian OEMs and xEV products of the auto segment. Some of the customers include few of the European premium two-wheeler OEMs, Premier European PV OEM and Marquee North American EV OEM, Key Europe & US-based Tier-1 customers and few of the Leading Indian EV OEMs.

Rest 12% of the revenue as of FY24 is from the non-auto segment, Global European Tier-1 and OEM Aircraft supplying to premier Indian and Global Tier-1 suppliers, Global North American aircraft OEM, Global Recreational Vehicle OEM and Indian arm of a global supplier of fuel injection systems

Sales Mix: Vehicle-segment wise: as of FY24



Manufacturing Facilities:

17 integrated manufacturing facilities, of which 16 are in India in the states of

	Karnataka (Bengaluru – nine facilities, Bidadi – one facility and Tumkur – two facilities), Haryana (Manesar – one facility), Maharashtra (Chakan – one facility), Uttarakhand(Pantnagar – one facility) and Gujarat (Mehsana – one facility), and one facility is in Trollhättan, Sweden. **Technical tie-ups:** 1) Fitwel Tools & Forgings Private Limited (Subsidiary) 2) Sansera Engineering Private Ltd, Mauritius (Subsidiary) 3) Sansera Sweden AB (Step-Down Subsidiary) 4) MMRFIC Technology Private Limited (Associate Company) **Global presence:** Sansera Engineering has 17 manufacturing facilities: 16 in India and one in Sweden

Source: Company reports, CRISIL MI&A Consulting

Key Financial Indicators

Company	Bajaj Motors Ltd	Bharat Forge Ltd	Kalyani Forge	Modern Automotives	Musashi Auto Parts India Pvt Ltd	Revent Precision Engineering	RICO Auto	Sansera Engineering
Operating income (Rs Crores)	664.1	15728.5	236.9	234.0	1118.0	587.4	2164.1	2811.4
Operating EBITDA (Rs Crores)	47.3	2604.3	15.5	20.5	107.3	3.6	235.8	479.9
EBITDA Margin	7.1%	16.6%	6.5%	8.8%	9.6%	0.6%	10.9%	17.1%
PAT (Rs Crores)	9.7	910.2	4.6	3.3	47.0	(126.7)	38.9	187.6
PAT Margin (%)	1.4%	5.8%	1.9%	1.4%	4.2%	(21.5%)	1.8%	6.7%
ROCE (%)	5.1%	14.9%	6.9%	11.2%	6.1%	n.m	9.0%	16.9%
Debt to equity ratio (times)	0.2	1.1	0.8	1.5	0.0	2.9	0.9	0.6
Current ratio	1.7	0.9	1.4	1.3	2.4	2.7	0.9	1.0

Note:Bharat Forge, Sansera, Kalyani Forge and Rico Industies data is of FY24, rest of the companies data is of FY23

Note: Financials reclassified as per CRISIL

EBITDA: Earnings before Interest Tax Depreciation and Amortization = Operating Income- Cost of goods sold-Fixed costs

PAT: Profit After Tax

Operating EBITDA margin = EBITDA/ operating income

PAT margin = profit after tax/operating income

RoCE = profit before interest and tax (EBIT) / Avg (Capital employed of current year and last year) *n.m = not meaningful*

ASSESSMENT OF INDIAN PRECISION ENGINEERING INDUSTRY

Overview of Indian precision engineering industry

The Indian engineering industry is divided into two segments, heavy and light, based on the nature of the product and the technology used for processing. Heavy engineering includes manufacturing and assembly of industrial machinery and plant equipment for various end-use sectors. Equipment are designed and manufactured to suit end-use applications for process industries such as fertiliser, textile, chemical, refinery, petrochemical, and oil and gas (O&G), and for the thermal and nuclear power sectors. While, light engineering includes sub-sectors, manufacturing, everything from basic to sophisticated equipment.

Light engineering products (components, parts and small equipment) find application in automobiles, industrial machinery, power, O&G, fertilisers, steel, refineries, petrochemicals, cement, and railways sectors, and serve as inputs for the heavy engineering and capital goods sectors.

Precision engineering: Sub-discipline of manufacturing with high accuracy, stress on low tolerance for error

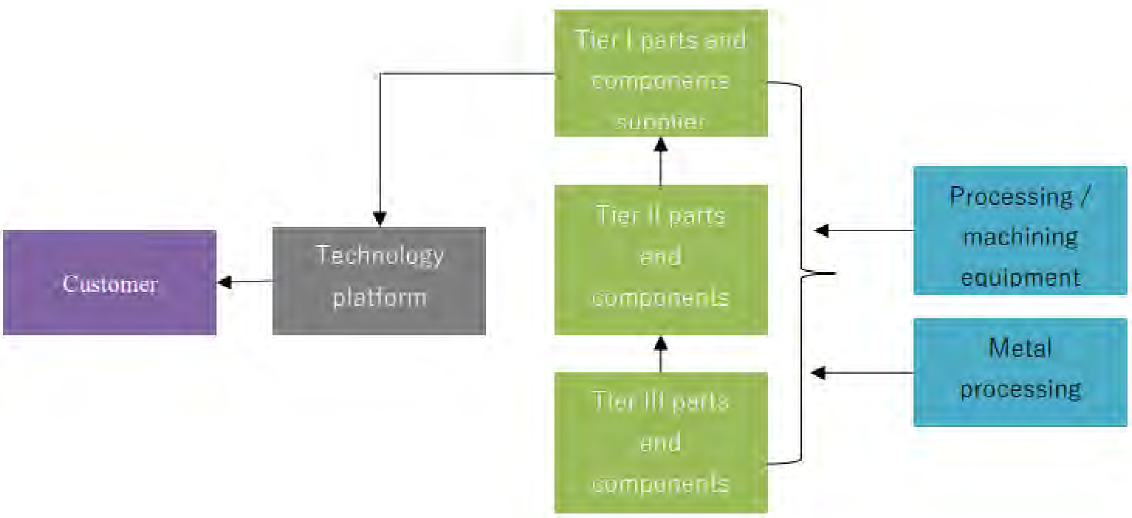
Precision engineering is a sub-discipline of engineering, concerned with manufacturing and assembling items with exceptionally low tolerance and are required to perform consistently over longer repeat cycles. Accuracy and margin of error are crucial for engineering and production. Any deviation in dimensions can lead to loss of performance or even catastrophic failure of the system.

Typical tolerance in various engineering products ranges from millimetres (10-3 meter) to microns (10-6 meter). Precision engineering products have tolerance in the range of less than 10 microns. Low tolerance is important for precise fit, accuracy and efficiency in performance, along with consistency over several repeat cycles.

Precision engineering is extremely critical in several applications, such as automotive engine components, defence, aircraft, capital goods and power generation.

Precision engineering players cater to select end-use sectors and have developed expertise in that space. The value chain comprises three broad segments of suppliers for automotive and non-automotive sectors (defence, engineering and capital goods, power, aircraft and other niche applications such as for tractors, construction equipment, railways, medical applications, etc.). Players exclusively cater to the automobile sector's requirements due to the scale of volume and location preference near the assembly or automobile plant/cluster. Applications, such as defence, nuclear, aircraft and marine, which require high material performance and special material properties, are serviced by suppliers with expertise in these niche applications.

Value chain in the industry

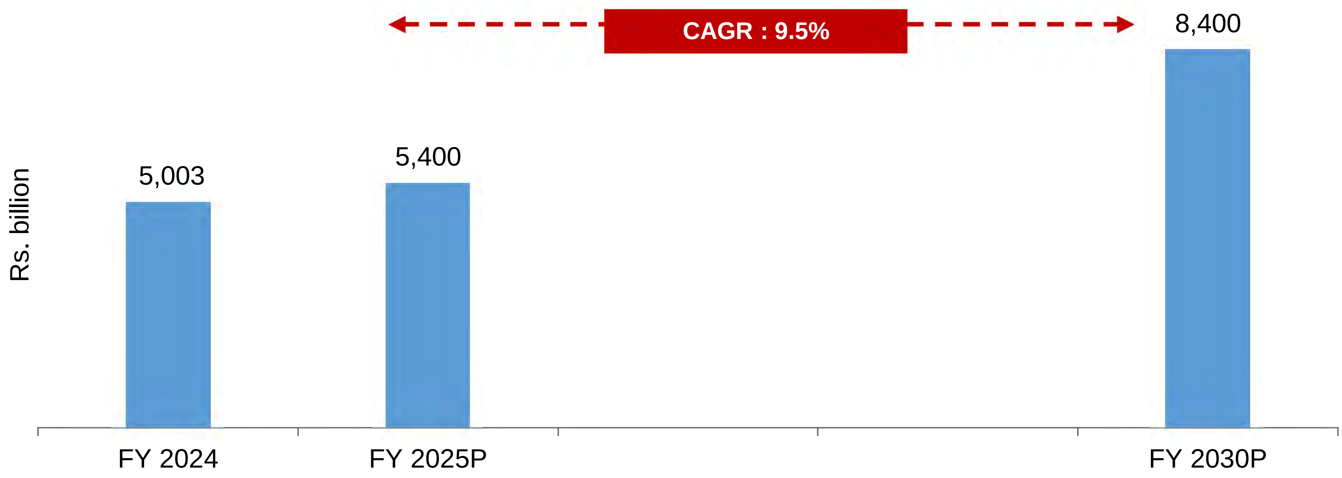


Precision engineering industry is projected to log 9-10% CAGR between fiscal 2025 and 2030

The precision engineering industry will benefit from supportive government policies for manufacturing and engineering sectors.

Further, growth in the machinery and equipment industry and rising penetration of high technology machinery for manufacturing would contribute towards the industry's growth. CRISIL MI&A expects precision engineering to log 9-10% CAGR to reach ~INR 8,400 bn market by fiscal 2030. Growth in domestic auto-components and export demand, and indigenous manufacturing in the defence segment would aid the industry's growth.

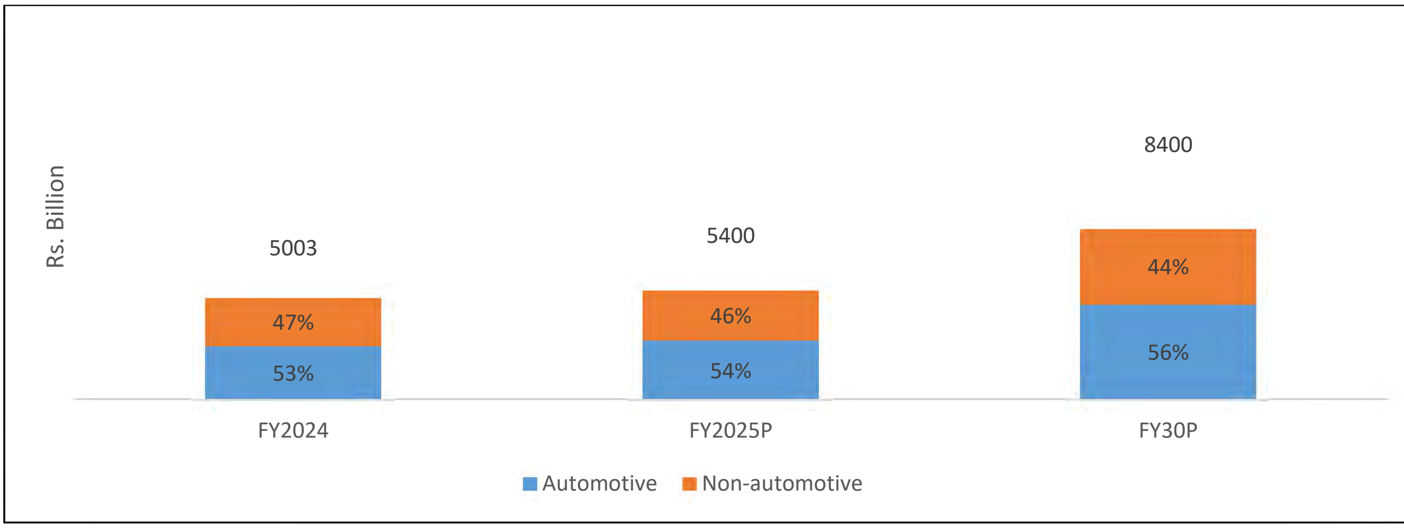
12.2 Review and outlook of the precision engineered component industry across segments



Note: Non-automotive includes defence, engineering and capital goods, power, aircraft and other niche applications such as tractors, construction equipment, railways, medical etc.

Source: CRISIL MI&A

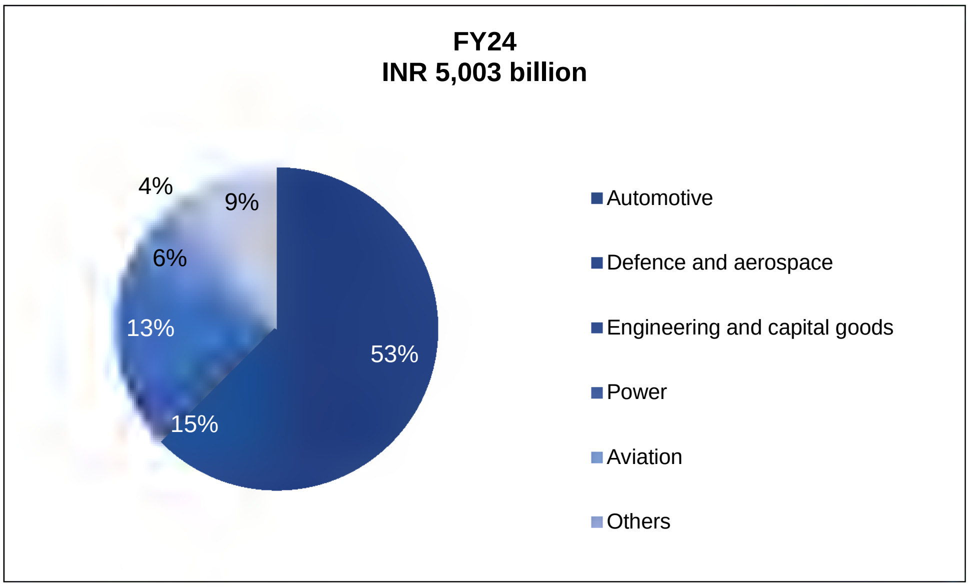
Share of automotive set to increase in the precision engineered component industry



Note: Non-automotive includes defence, engineering and capital goods, power, aircraft and other niche applications such as tractors, construction equipment, railways, medical etc.

Source: CRISIL MI&A

Share of end-use segments



Note: Engineering and capital goods include machinery and equipment components demand from industrial segments, such as textile, metallurgy, process controls equipment, cement, mining, agro equipment, etc. Others include equipment and components demand from medical, construction equipment, railway locomotives, refinery segments, tractors and others.

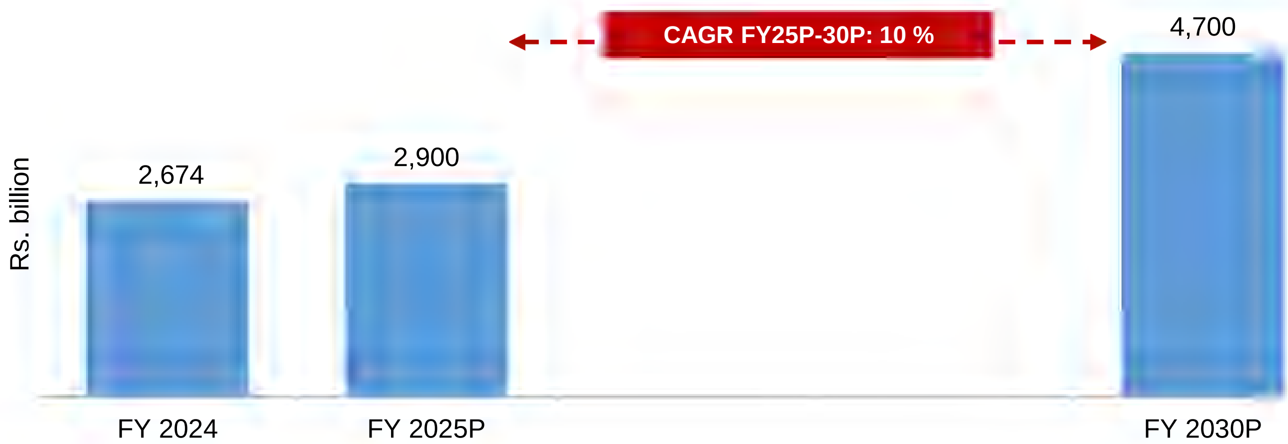
Source: CRISIL MI&A

Automotive segments have the largest share in precision engineering, followed by engineering capital goods and defence.

Precision engineering in automotive industry

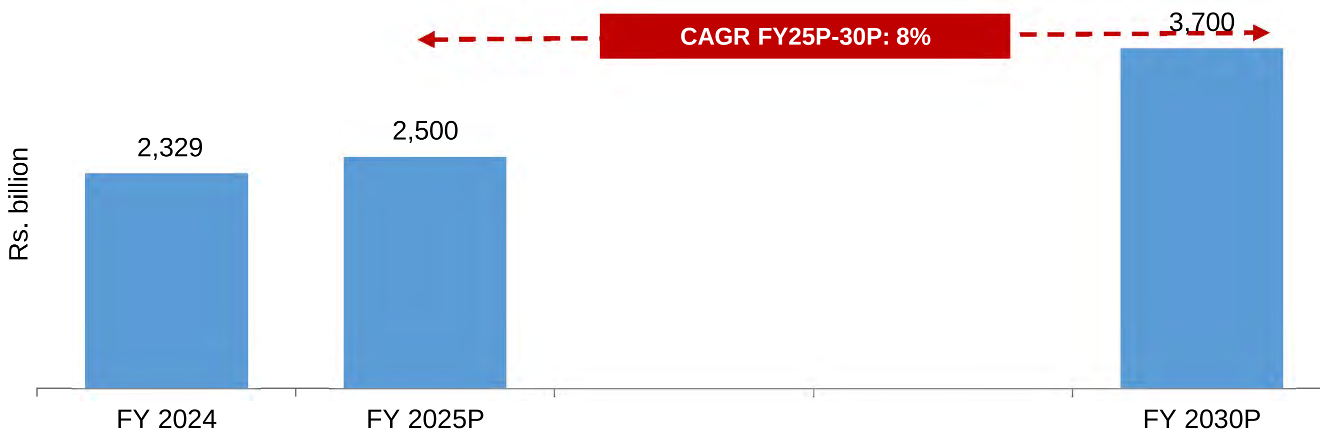
Manufacturing of precision automotive components is a multi-step, complex process, requiring high performance and extremely high precision. Since the vehicle comprises various sub-systems, all components should be precision engineered to ensure they fit together properly and function efficiently.

Approximately 60-70% of automotive components manufactured are precision engineered, specifically, engine parts, suspension, steering parts, electrical parts, etc



Source: CRISIL MI&A

Precision engineering in the non-automotive industry



Source: CRISIL MI&A

Precision engineering in the defence industry

The defence (including aerospace for defence) industry is the second-largest consumer of precision engineering (15% share as of Fiscal 2024).

Precision engineering is critical for defence (including aerospace for defence) equipment, as a failure of even a small fitting component can lead to catastrophic results. Components of equipment in this segment require high material performance and special material properties, which are serviced by suppliers with expertise in these niche applications.

Components such as artillery systems, land and naval weapon systems, fire control systems, maritime equipment and systems, underwater platforms, engineering systems for land and marine forces, uncrewed aerial vehicles (UAVs), remotely piloted vehicles, autonomous programmable vehicles - C4I (command, control, communications, computers and intelligence) systems, and missile systems, radar systems, ball screws, and electro-mechanical actuator are precision engineered

Precision engineering in engineering and capital goods

Capital goods industry is the third-largest consumer of precision engineering after automotive and defence industry. It is estimated to have a share of 13% in the precision engineering market in India as on fiscal 2024.

Heavy electrical engineering occupies the largest pie (>50%) within the capital goods industry. Production of electrical equipment witnessed robust growth in the past few years, driven by growth in power distribution and transmission equipment such as transformers, conductors, meters, cables and switchgears on the back of government enhancing transmission capacity and pushing states to improve the distribution network.

One of the sub-sectors within capital goods is Machine tools which includes Special Purpose Machines (“SPMs”). Other subsectors include process plant equipment, earth-moving and mining machinery, printing machinery, dies, moulds and press tools etc.

Review of special purpose machine manufacturing

SPMs are customised machines deployed to automate industrial processes to ensure high productivity. Designed to operate for 24 hours a day with minimum supervision, SPMs are mostly product-specific and need to be designed and developed as per individual requirements. Based on their usage, they are classified as general-purpose machines or SPMs. Usage of SPMs reduces chances of human error and decreases human fatigue when carrying out repetitive operations. It assures consistent quality and interchangeability of parts by carrying out the same designed process every time without any shortcuts.

Review of special purpose machine manufacturing Precision engineering in aircraft industry

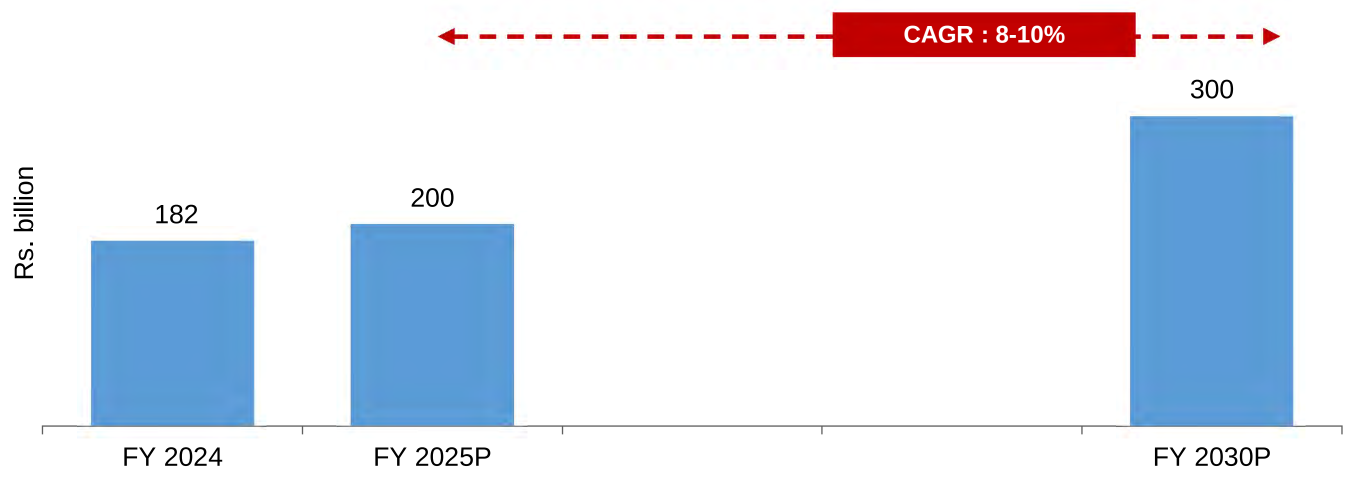
The Indian aircraft industry is still at a nascent stage. The growing passenger numbers and a burgeoning middle class indicate the possibility of healthy growth in passenger traffic for major airlines in the future. A buoyant market growth rate, coupled with the expansion of infrastructure, is likely to help the Indian civil aircraft industry grow at an accelerated pace.

Growth drivers in aircraft industry in India

- The commercial aircraft fleet is expected to increase from the current 600-700 aircrafts to over 1,000 aircrafts over the next four to eight years due to rising passenger traffic.
- Boeing to procure components from over 200 Indian suppliers that are involved in manufacturing of critical systems and components, such as aero-structures, avionics mission systems, composites, forgings, wire harness, and ground support equipment, for some of its commercial and defence aircraft.
- Airbus is also planning to add new suppliers to its 45+ supplier base in India and looking at developing a supplier base to support its partnership with Indian Air Force, along with Tata for supplying transport aircraft.
- Recently, global aerospace manufacturers, Boeing and Lockheed Martin, have shown interest in manufacturing aircraft in India, based on the outcome of India's aircraft acquisition plans. This could boost domestic production and exports at the tier I level as well
- FDI up to 100% permitted on automatic route

Aircraft are subject to harsh treatment from humidity, extreme weather conditions, rapid changes in thermal and air pressure. Engine components, avionics (electrical systems such as navigation, communications, etc.) sensors, airframes, connectors and seating parts are precision engineered.

Review and outlook of precision engineering market size in aircraft industry



Source: CRISIL MI&A

Precision engineering in power industry

Components such as hydro turbines, pumps, valves and motors are precision engineered in power generation, transmission and distribution. High precision components are used to obtain high efficiency of power output, avoid leakages and sustain in various weather conditions.

Generation, transmission and distribution of power occur at very high voltages and require precision engineering to avoid leakages. Transmission towers need precision components to withstand extreme weather conditions.

Precision engineering in other sectors

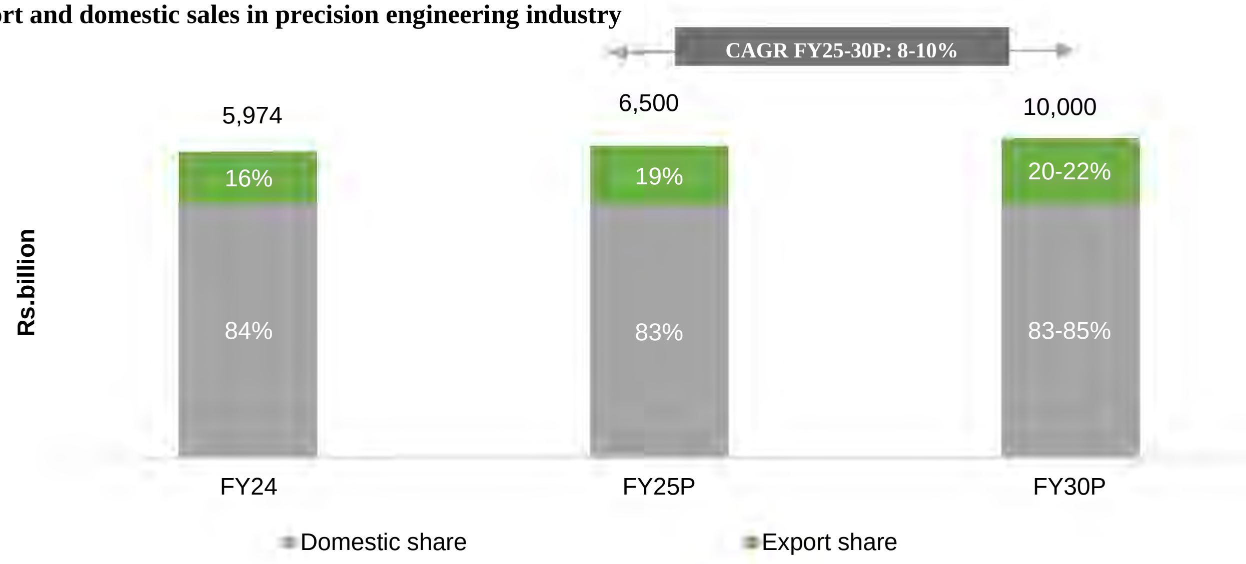
Precision engineering is used across industries like railways, in electric as well as diesel locomotives, mainly while manufacturing engine components. It is a similar case with construction equipment and tractors. Medical equipment, which is fitted within the human body, are also precision engineered

Export trade scenario

Exports contributed 16% of precision engineering turnover in Fiscal 2024 and expected to contribute around 20-

22% by FY30. Exports have been growing on par with the domestic industry demand for precision engineering products as players have made huge investments in India for manufacturing.

Share of export and domestic sales in precision engineering industry



Source: CRISIL MI&A

Competition scenario

CRISIL MI&A has compared key players in the precision engineering and components industry across sectors, such as automotive components, defence, engineering and capital goods, aircraft, power and others. The data has been obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales and/or company websites.

Player presence across industries

Company	Automotive	Defense	Engineering & capital goods	Aircraft	Power	Others
Sansera Engineering						
Aequs						
Alpha Design Technologies						
CIM Tools						
Dynamatic Technologies						
Godrej & Boyce						
L&T						
Mahindra Defence System						
MTAR Technologies						
PMI Engineering						

Company	Automotive	Defense	Engineering & capital goods	Aircraft	Power	Others
Schaeffler India						
Shanti Gears						
Sika Interplant Systems						
SKF India						
Timken India						
Vem Technologies						

MARKET SIZING AND OUTLOOK OF RELEVANT SEGMENTS OF AUTO COMPONENTS

Connecting Rods

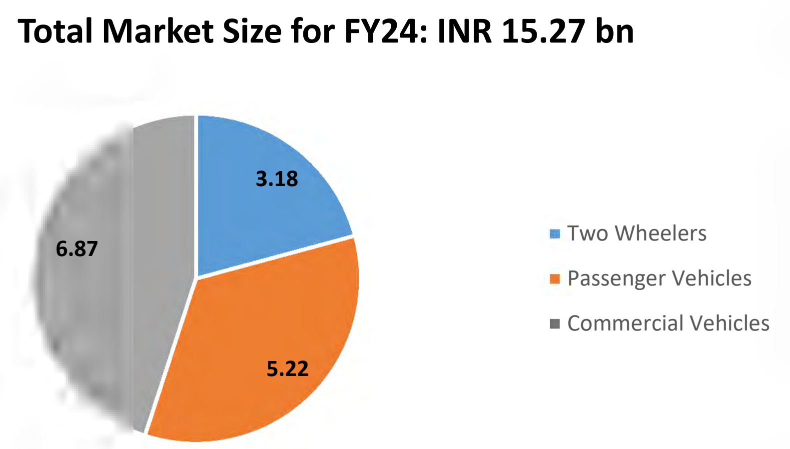
Domestic Market Sizing: Review (FY24) and Outlook (FY25-30):

Review, fiscal 2024

CRISIL Market Intelligence & Analytics (MI&A) estimates the size of the connecting rod market (catering to OEM demand) at Rs 15.27 billion in fiscal 2024. The average realization for a two-wheeler connecting rod ranges from about Rs 140 to Rs 300, depending on the engine size and material specification across motorcycles, scooters and mopeds. For passenger vehicle connecting rods, the average realization ranges from Rs 200 to Rs 300. Additionally, in passenger vehicle segment, if connecting rod is supplied as part of piston assembly (i.e. with piston and ring), then realization for component manufacturer could be 65 to 70% higher as compared to realization per connecting rod. In commercial vehicles, average realization ranges between Rs. 600 to Rs. 1100.

The passenger vehicle segment contributes to a higher share in the connecting rod market, due to the higher per-unit cost and higher usage intensity per vehicle varying across micro-to-premium passenger vehicle segments. Intensity of connecting rod is higher in commercial vehicle as well, varying from 4-cylinder for light commercial vehicle to 6-cylinder for heavy commercial vehicle.

Connecting rod market split by vehicle category type, fiscal 2024



Source: CRISIL MI&A

Key players

Amul Industries, Magal Tech and Sansera Engineering are the leading manufacturers of connecting rod for passenger vehicle OEMs in India. Other players in this space includes Bajaj Motors, Fortuna Engineering, and SATA Vikas.

For the two-wheeler connecting rods, key manufacturers include Bajaj Motors, Musashi, and Sansera Engineering. Other players include FIE group, Highway Cycles, Kalyani Forge, Kay Jay Forge and Modern Automotive.

Sansera Engineering is the largest supplier of connecting rod to two-wheeler as well as to passenger vehicle OEMs in India.

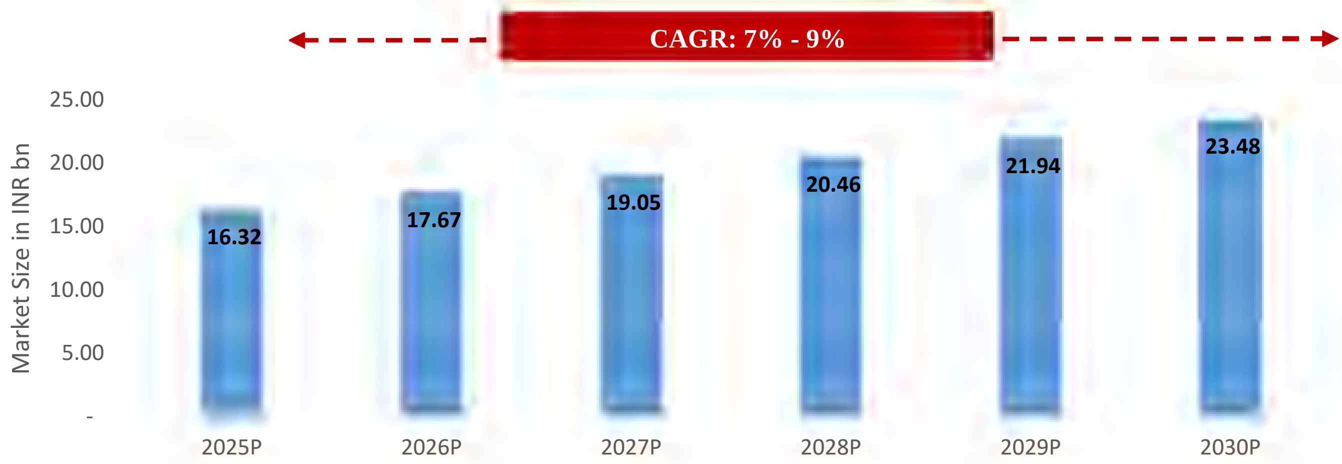
Amul Industries and Kalyani Technoforge are the key manufacturers of connecting rod for three-wheeler. Amul Industries, Fortuna and Kems Forge are the players in commercial vehicle connecting rod space. Amul Industries and Fortuna are the players in connecting rods for tractor industry.

Outlook, fiscals 2025- 2030

CRISIL MI&A estimates the size of connecting rod industry to grow at 7%-9% CAGR to Rs 23.48 billion between fiscals 2025 and 2030.

Optimization of the engine design is not expected to result in significant weight reduction for connecting rods. However, on the raw material front, the industry is expected to increasingly shift to steel alloys of precious metals, such as boron, vanadium and titanium to impart higher fatigue strength, lower inertia, among other parameters.

Connecting rod market outlook across vehicle segment (Rs Billion), fiscal 2025P to 2030P

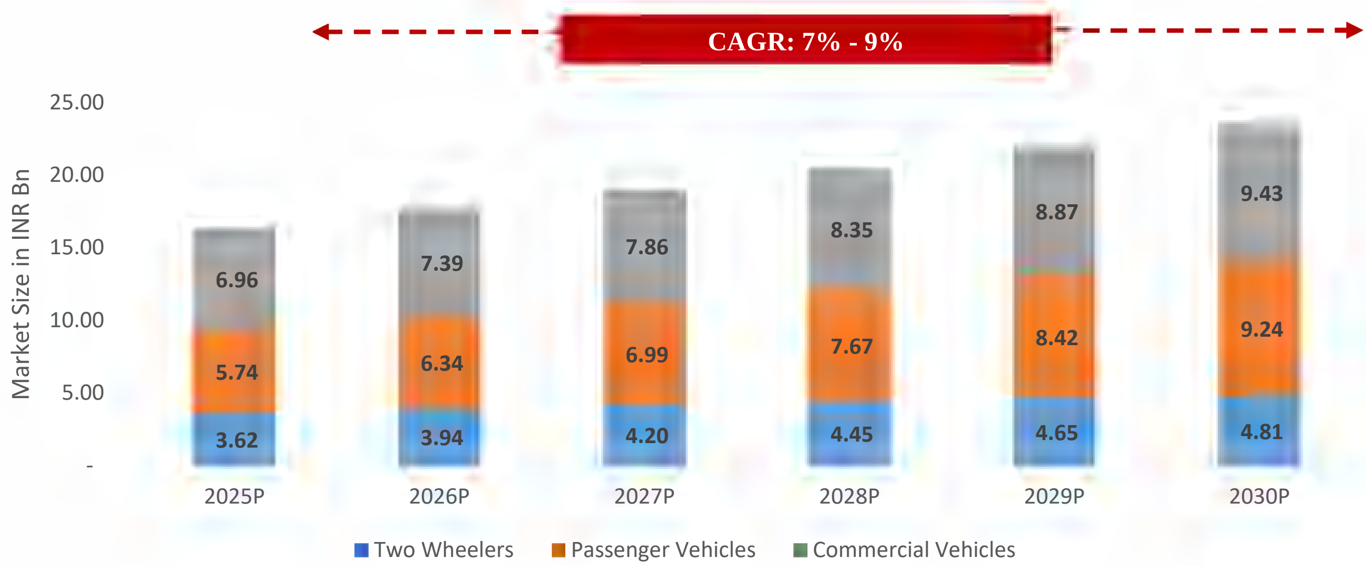


Note: Connecting rod market size include demand from passenger vehicles, two-wheelers and commercial vehicles

P: Projected

Source: CRISIL MI&A

Connecting rod market outlook and split across vehicle segment (Rs Billion), fiscal 2025P to 2030P



P: Projected

Source: CRISIL MI&A

Connecting rod market growth in value, fiscal 2025P-30P

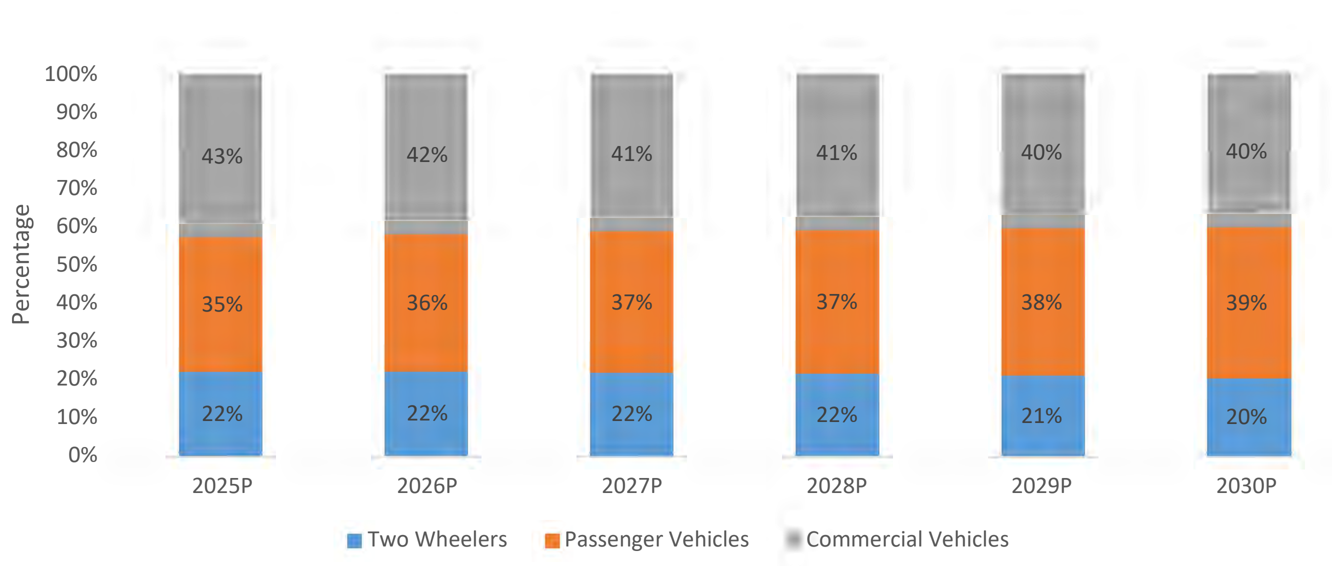
Vehicle Segment	CAGR FY2025P-30P

Two Wheelers	5% - 7%
Passenger Vehicles	9% - 10%
Commercial Vehicles	5% - 7%

P: Projected

Source: CRISIL MI&A

Split across vehicle segments for connecting rods, fiscal 2025P-30P (% Share)



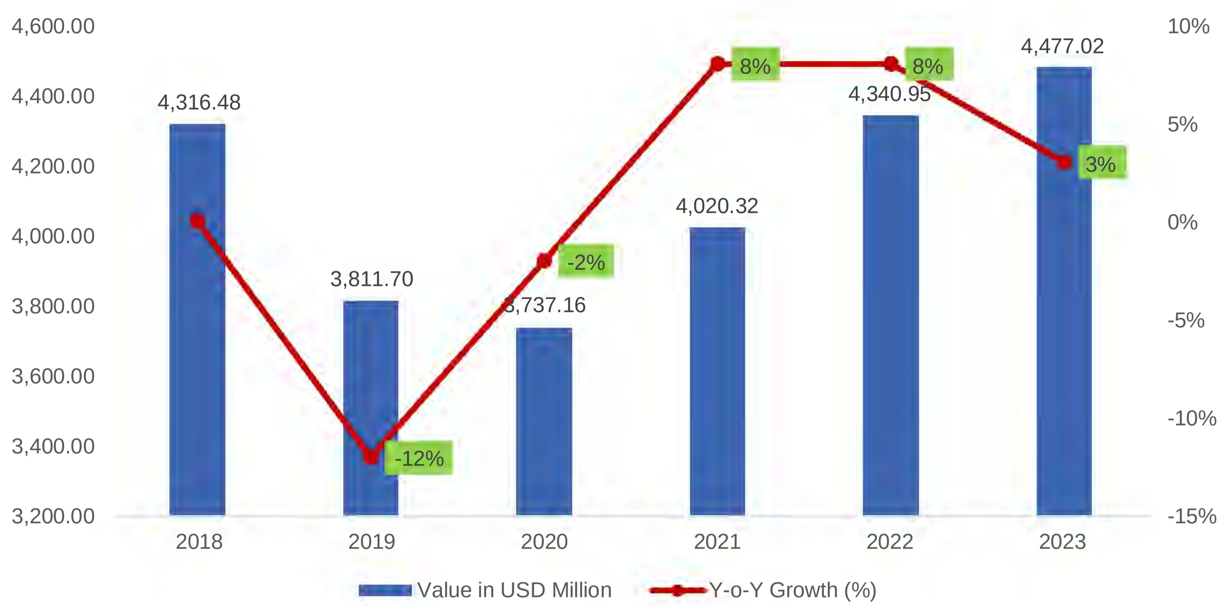
P: Projected

Source: CRISIL MI&A

Global Market Sizing: Review (CY24) and outlook (CY25-29)

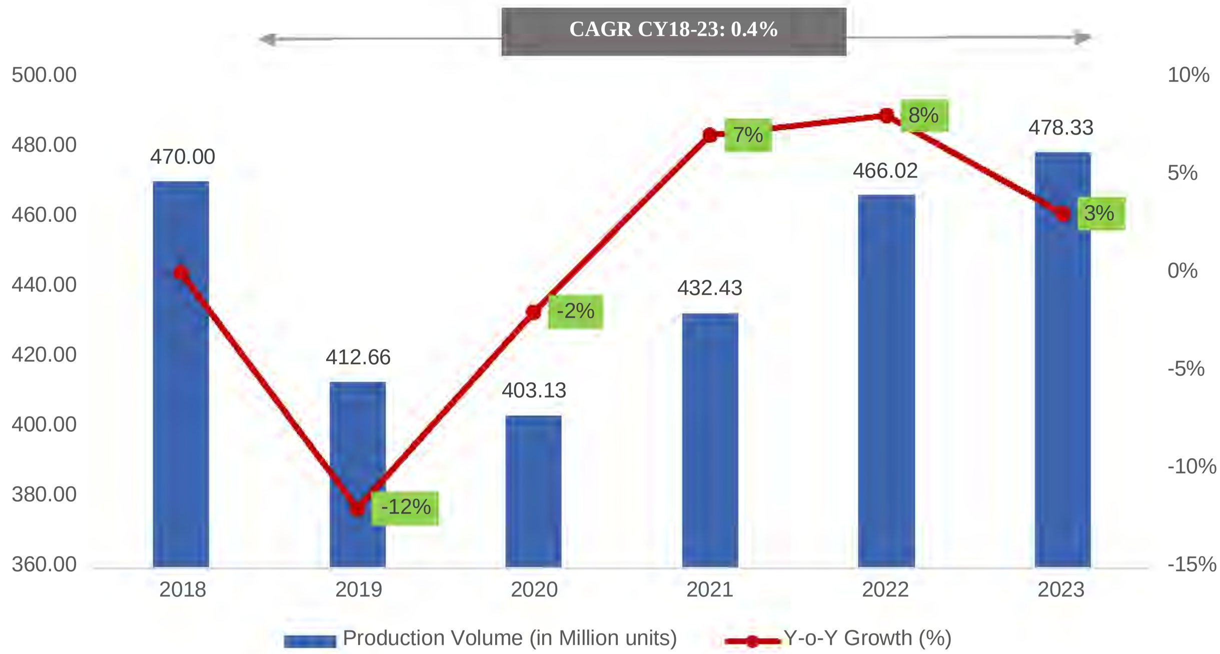
The growing focus on engine performance and efficiency in light vehicles is driving the demand for high-quality connecting rods, contributing to the market's expansion. Manufacturers are heavily investing in research and development to create innovative designs that optimize performance. For instance, in January 2024, K1 launched its latest H-beam connecting rod, designed for the Toyota Supra / BMW B58 engine, made from 4340 steel and offering enhanced strength and reliability. As both manufacturers and consumers prioritize vehicle efficiency and power, the demand for premium connecting rods is expected to rise. Additionally, the rapid growth of the automotive sector, particularly in emerging markets, is fueling this trend. According to SIAM, Indian passenger vehicle sales increased from 30,69,523 to 38,90,114 units in FY-2022-23, with passenger car sales alone rising from 14,67,039 to 17,47,376 units. This surge in vehicle production further boosts the need for high-quality connecting rods to meet industry demands. The connecting rod market remains competitive, with key players such as MAHLE GmbH, Bharat Forge Ltd., American Axle, and Linamar Corporation driving innovations in manufacturing, product differentiation, and market presence.

Global connecting rod industry value in USD million (CY18-23)



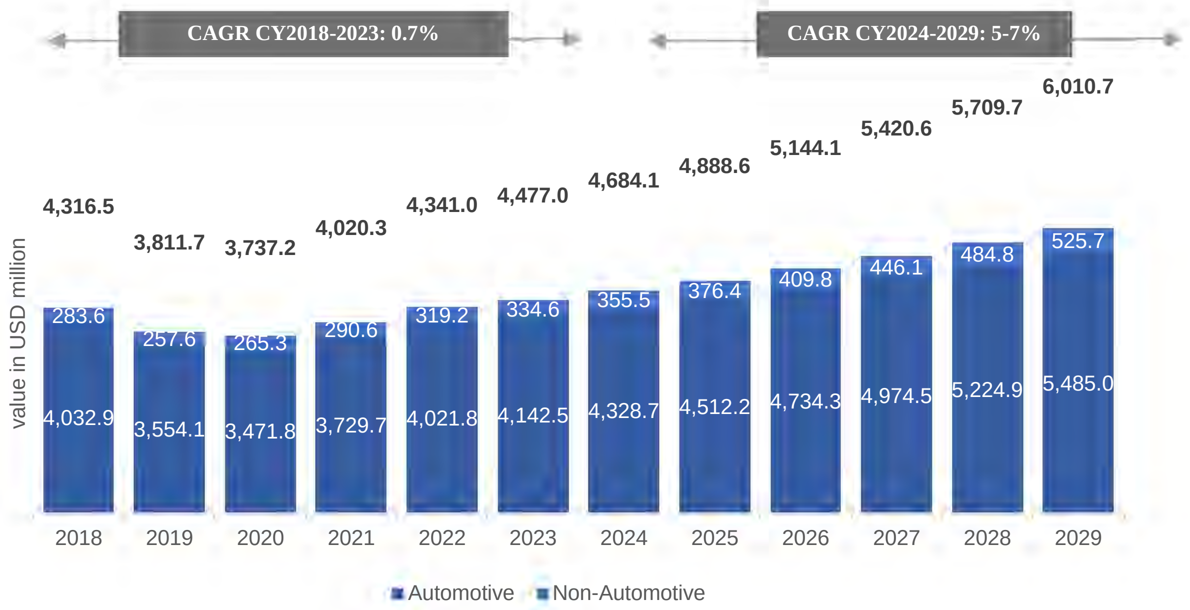
Source: Mordor Intelligence

Global connecting rod industry production volume in million units (CY18-23)



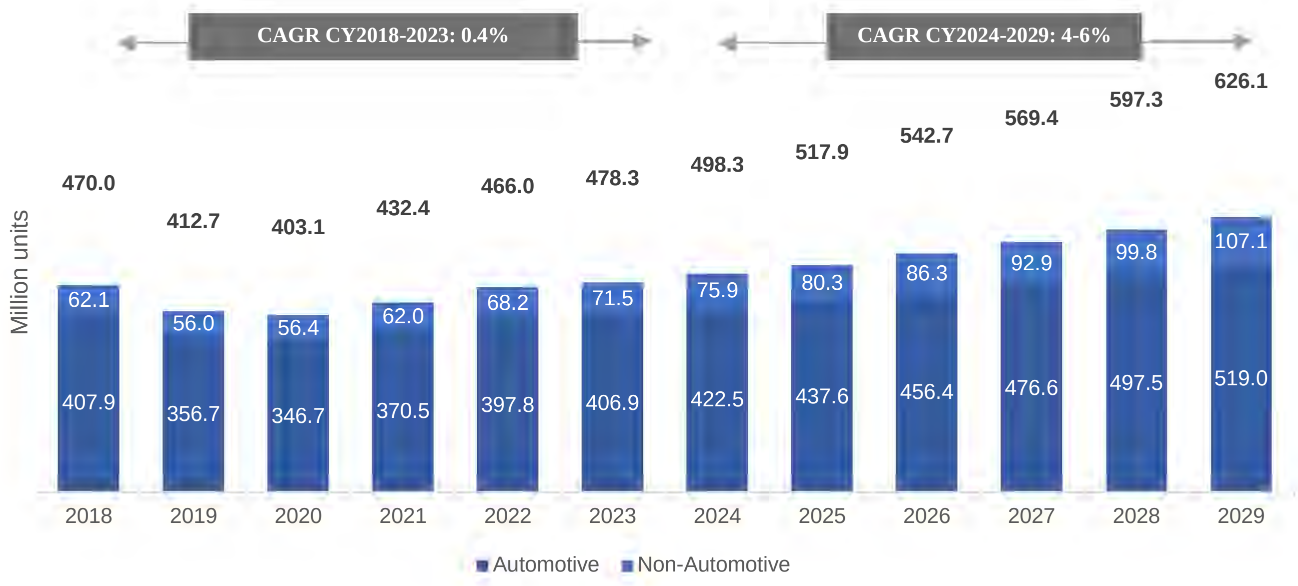
Source: Mordor Intelligence

Fig: Global connecting rod industry value in USD million, by type (CY18-29)



Source: Mordor Intelligence

Global connecting rod industry production in million units, by type (CY18-29)

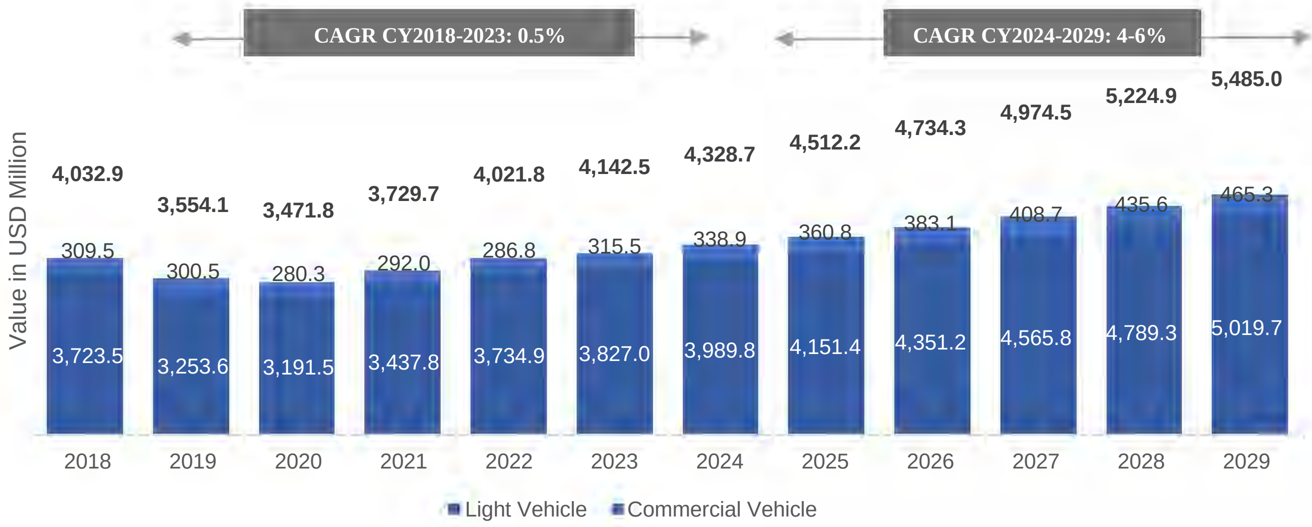


Source: Mordor Intelligence

13.2.2.1 Automotive

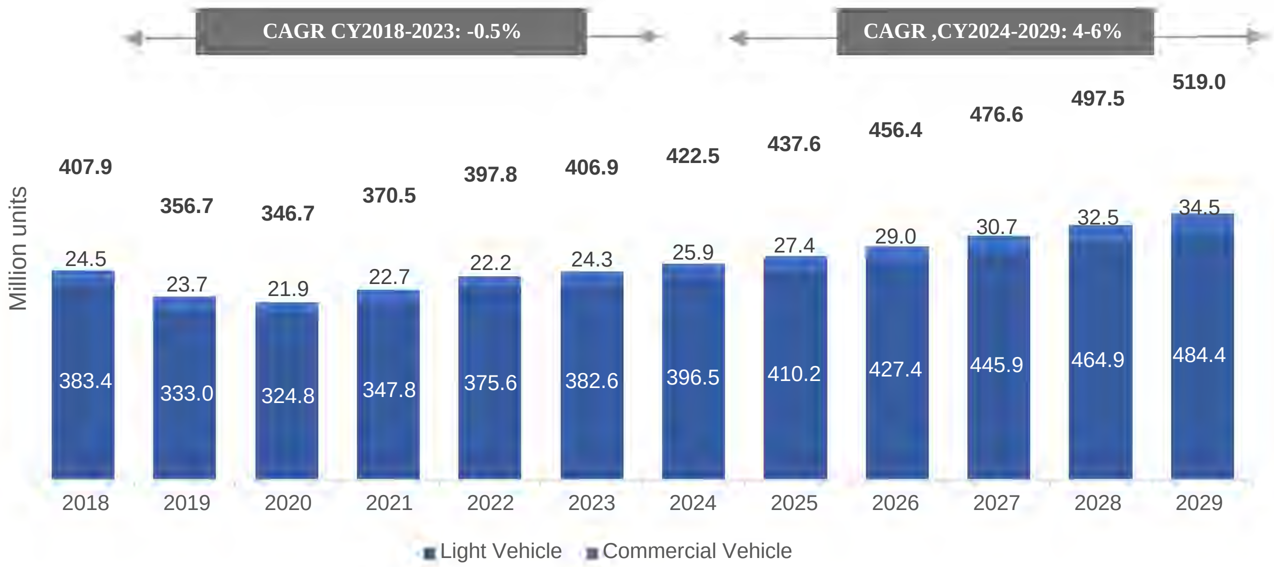
The automotive industry comprises a wide range of companies and organizations involved in the design, development, manufacturing, marketing, selling, repairing, and modification of both light and commercial vehicles. The light vehicle segment dominates the market, accounting for 90% of the industry, while commercial vehicles make up the remaining 10%. Automotive segment has risen from USD 4,033 million in CY2018 to USD 4,142 million in CY2023, with a CAGR of 0.5% and is expected to grow at a CAGR of 4 to 6% from CY 2024 to 2029.

Fig: Global connecting rod industry value in USD million, by vehicle type (CY18-29)



Source: Mordor Intelligence

Fig: Global connecting rod industry production units in million units, by Vehicle type (CY18-29)



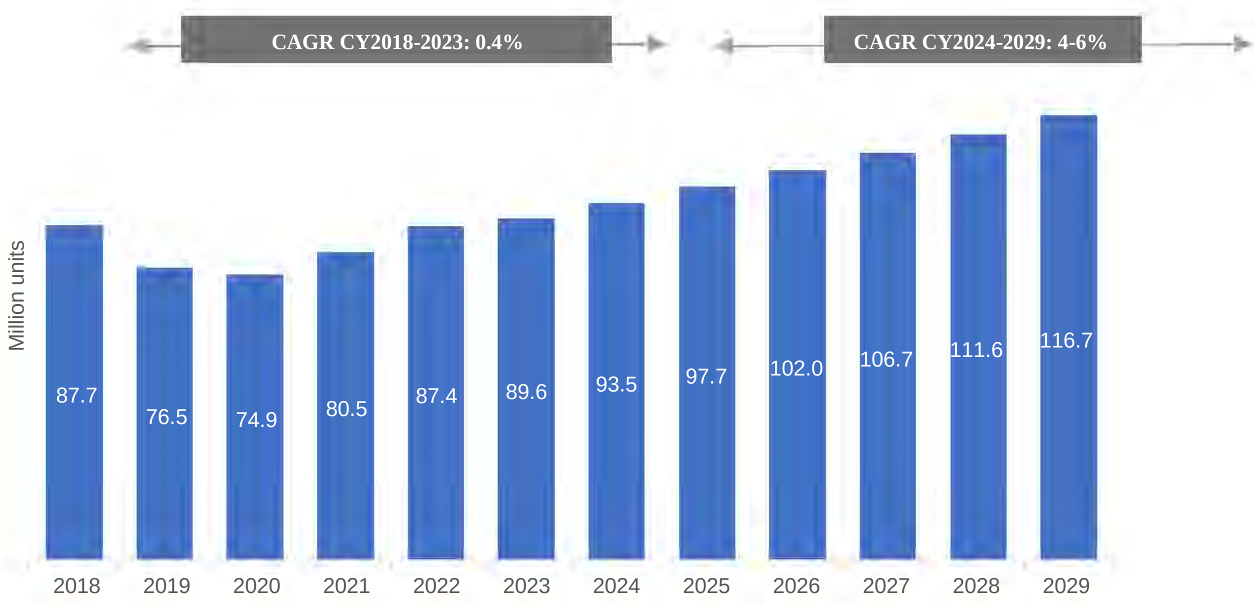
Source: Mordor Intelligence

Light Vehicle Segment

Review and outlook of Global Engine Production in Light Vehicle Segment

The engine is often considered one of the crucial components of any vehicle, including light vehicles such as cars. In recent years, there has been a significant shift towards lightweight vehicles, driven by the need for improved fuel efficiency, reduced emissions, and enhanced performance. Technological advancement is one of the key factors that will continue to drive the demand for lightweight vehicle engines. The light vehicles engine segment of the market studied accounted for a production volume of 89.55 million units in CY2023 and is expected to reach 116.69 million units in CY2029, projecting a CAGR of 4-6% during the forecast period CY2024-2029.

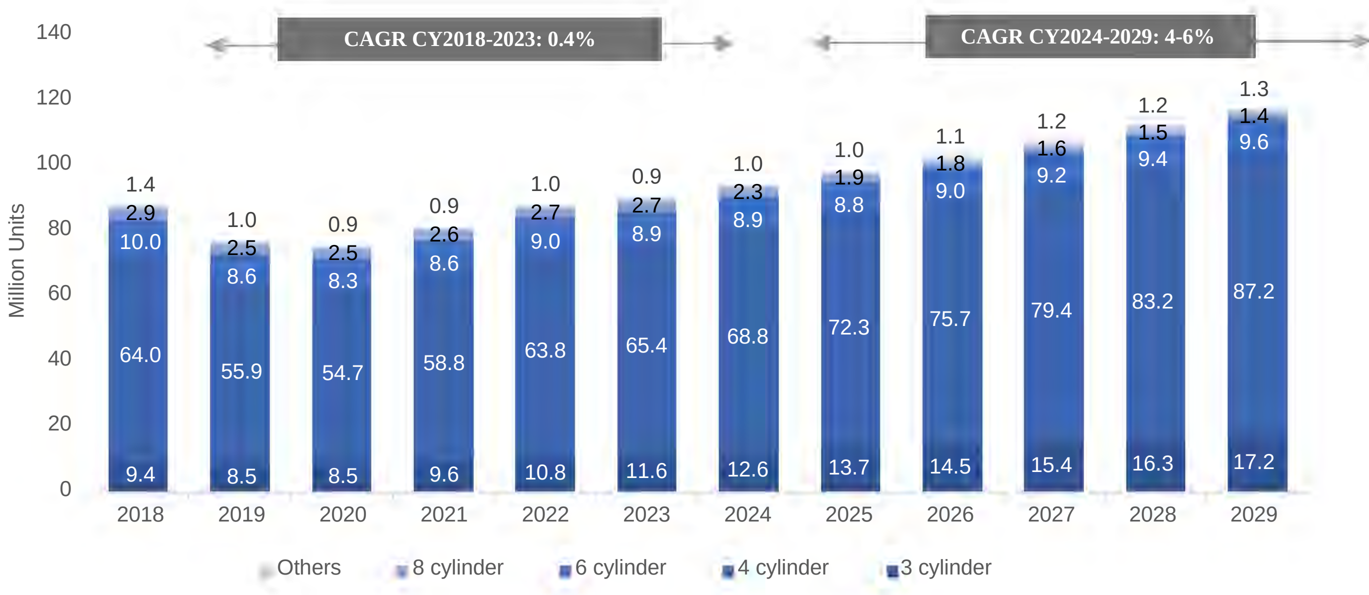
Fig: Global light vehicle engine production volume in million units (CY18-29)



Source: Mordor Intelligence

In the coming years, technological developments, increased fuel economy and emissions, enhanced handling, and engine performance will contribute to the need for lightweight Vehicle engines. The automotive industry will likely see a rise in the use of lightweight vehicle engines as manufacturers develop new ideas and produce engines that meet such requirements.

Global light vehicle engine production volume in million units, by cylinder (CY18-29)



Source: Mordor Intelligence

Review and outlook of Global Connecting Rod market for Light Vehicle segment

The growing production of light vehicles globally drives demand for connecting rods in the automotive industry. High-quality parts like connecting rods are becoming more and more necessary as more vehicles are produced to fulfill the increasing consumer demand, and this will positively impact the target market growth.

In addition, automobile manufacturers are always looking for dependable suppliers who can offer them high-performance connecting rods to improve their vehicles' longevity and efficiency.

Furthermore, with an increasing emphasis on reducing carbon emissions and sustainability, vehicle manufacturers are prioritizing fuel efficiency in their vehicle designs. Connecting rods are crucial for enhancing engine performance and optimizing fuel consumption. By integrating lightweight yet durable connecting rods, automakers boost their vehicles' overall efficiency and align with stringent emissions regulations. Consequently, the automotive market is witnessing a surging demand for technologically advanced connecting rods.

Vehicle owners are seeking high-performance, durable vehicles capable of handling tough driving conditions. When automakers opt for premium connecting rods crafted from high-quality materials like forged steel or aluminum, they significantly boost their vehicles' durability and longevity.

Thus, the need for performance and durability and the emphasis on fuel efficiency are all driving factors behind the need for connecting rods in light vehicles. The need for premium connecting rods will only increase as the automotive sector develops.

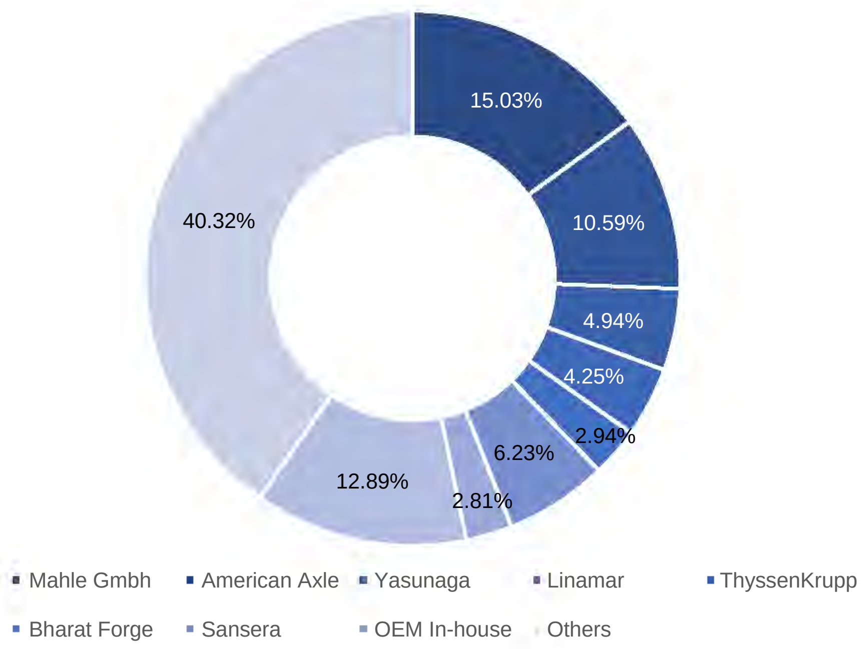
The global connecting rod market for the light vehicle segment of the market studied accounted for a value of USD 3,826.98 million in 2023 and is expected to reach USD 5,019.73 million in 2029, projecting a CAGR of 4-6% during the forecast period 2024-2029

Fig: Global connecting rod market in USD million for light vehicles (CY18-29)

Source: Mordor Intelligence

Key suppliers' market share in Light Vehicle segment

Fig: Light vehicle segment supplier share (%) for connecting rod production, by major supplier, 2023



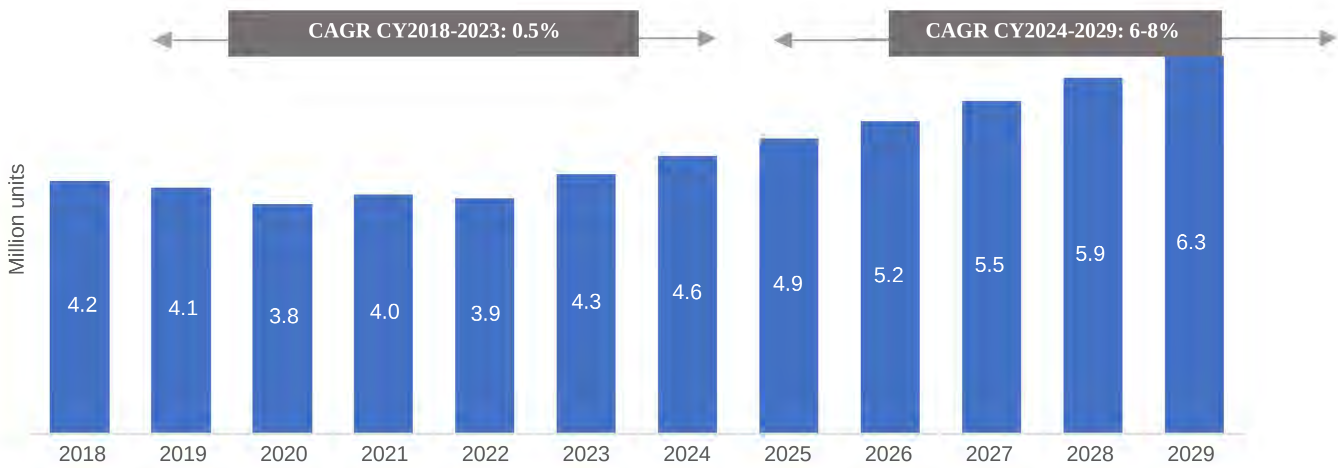
Source: Mordor Intelligence

Sansera is one of the top 10 global suppliers in connecting rod with a market share of 2.81% globally in the light vehicle segment

Commercial Vehicle Segment

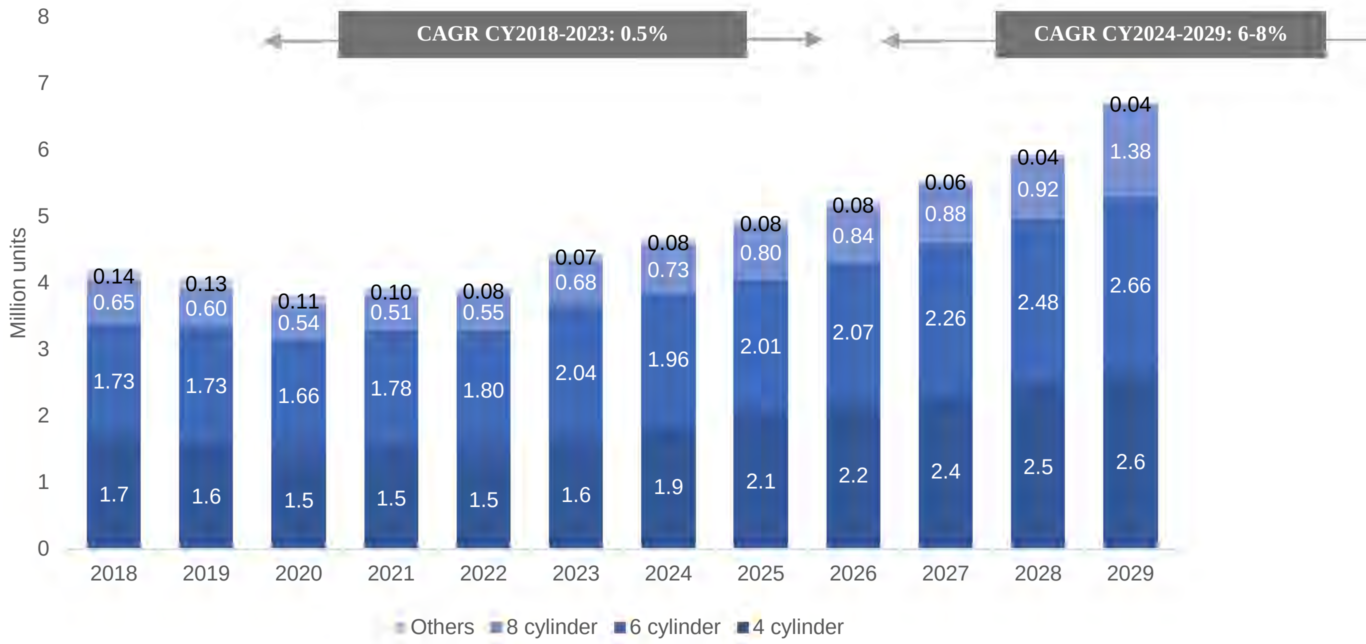
Review and outlook of Global Engine Production in Commercial Vehicle Segment

Fig: Global commercial vehicle engine production volume in million units (CY18-29)



Source: Mordor Intelligence

Fig: Global commercial vehicle engine production volume in million units, by cylinder (CY18-29)

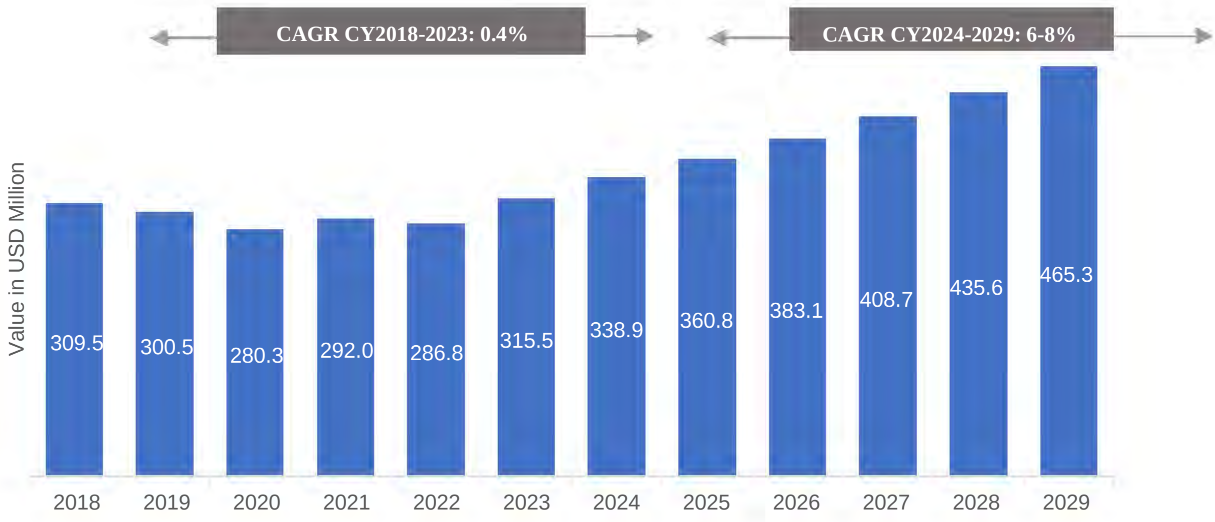


Source: Mordor Intelligence

Review and outlook of Global Connecting Rod market for Commercial Vehicle segment

- The escalating demand for commercial vehicles, driven by the growth of e-commerce, logistics, and transportation industries, is expected to fuel substantial growth in the Connecting Rod Market. As the need for transportation and logistics services grows, more commercial vehicles will hit the road, necessitating regular maintenance and replacement of parts like connecting rods for optimal performance.
- Technological developments in the connecting rod manufacturing process are another important factor that will propel the demand for these components in the commercial vehicle market. Connecting rods are getting stronger, lighter, and more efficient than ever due to advancements in production methods, materials, and design.
- The global connecting rod market for the commercial vehicle segment of the market studied accounted for a value of USD 315.48 million in CY2023 and is expected to reach USD CY465.27 million in 2029, projecting a CAGR of 6-8% during the forecast period CY2024-2029.

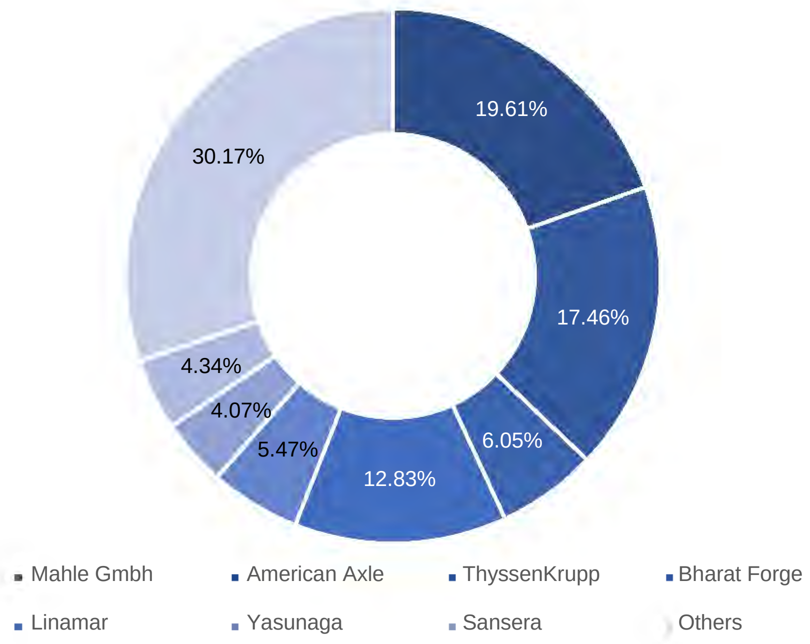
Fig: Global connecting rod market in USD million for commercial vehicles (CY18-29)



Source: Mordor Intelligence

Key Suppliers' market share in Commercial Vehicle Segment

Fif: Commercial vehicle segment supplier share (%) for connecting rod production, by major supplier, 2023



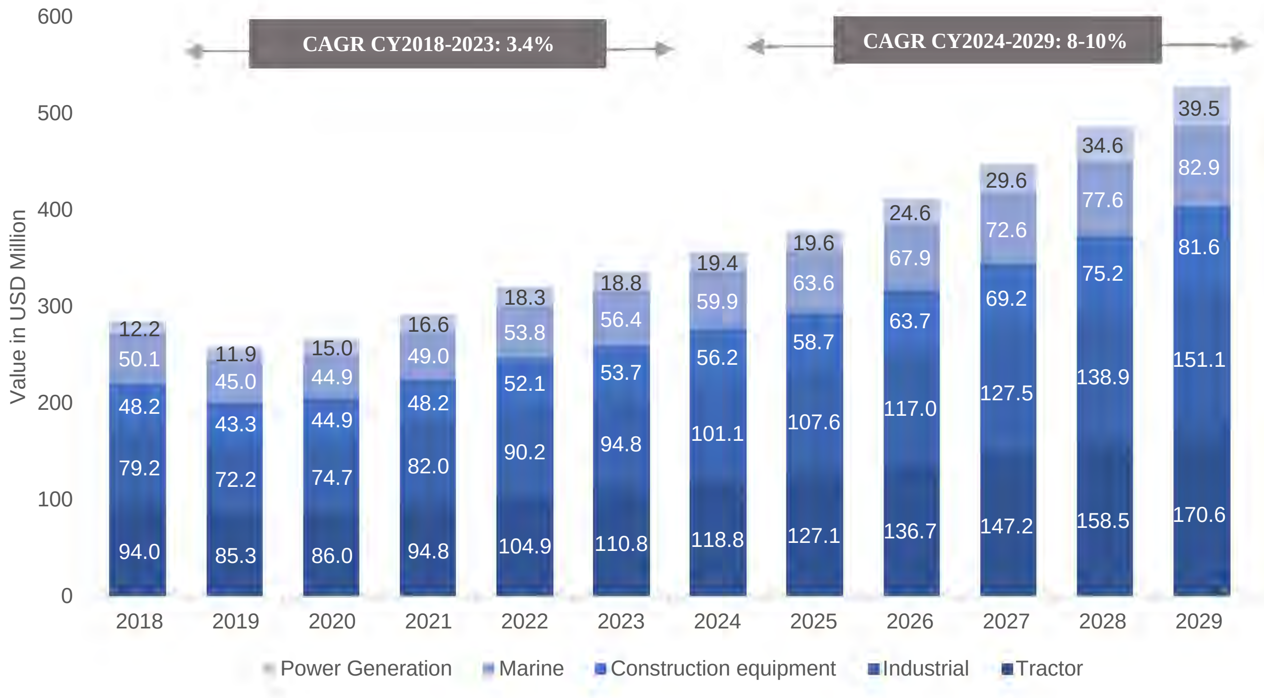
Source: Mordor Intelligence

Sansera ranks 8th among the top 10 global suppliers in connecting rod with a market share of 4.34 % globally in the commercial vehicle segment

13.2.2.2 non-automotive

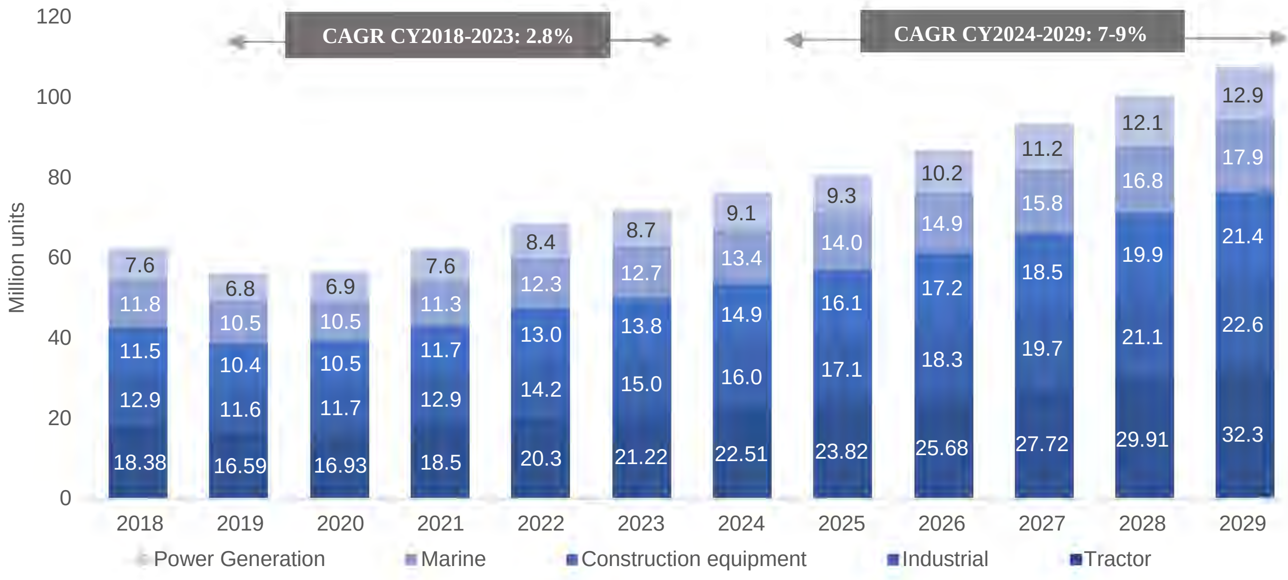
The non-automotive industry comprises of tractors, construction equipment, industrial segment, marine industry and for power generation. The Light vehicle segment comprises 90% and commercial vehicle segment as balance 10% of the total Automotive segment. Automotive segment has risen from 4033 USD million in value from 2018 to USD million 4142 in 2023, with a CAGR of 0.5% and is expected to grow at a CAGR of 4 to 6% from CY2024 to 2029.

Fig: Global non-automotive connecting rod industry value in USD million, by vehicle type (CY18-29)



Source: Mordor Intelligence

Fig: Global non-automotive connecting rod industry production units in million units, by Vehicle type (CY18-29)



Source: Mordor Intelligence

Crankshafts

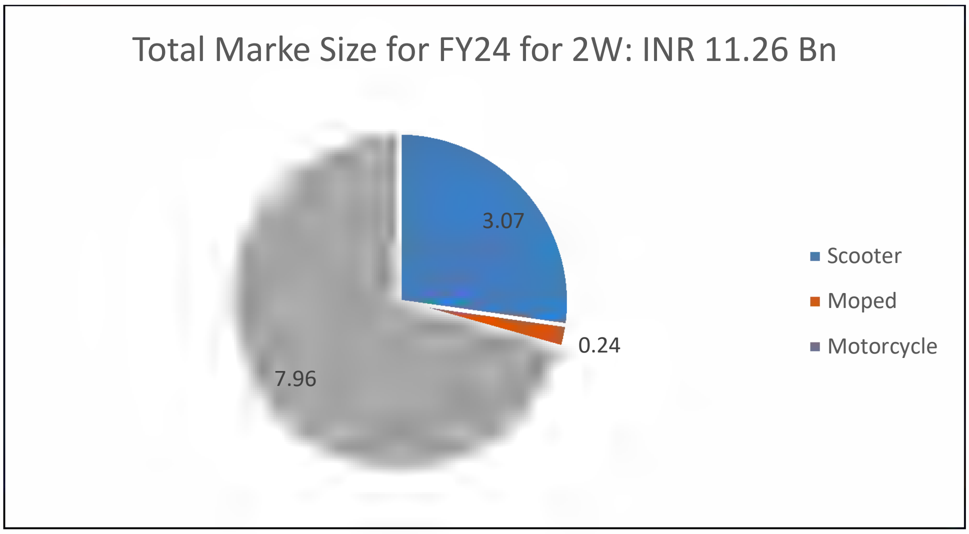
Two-wheeler Crankshaft market in India

Review, fiscal 2024

CRISIL Market Intelligence & Analytics (MI&A) estimates the size of the Crankshaft market (catering to OEM demand and for two-wheelers) at Rs 11.26 billion in fiscal 2024.

The weight of a two-wheeler crankshaft half is in the range of 400-1000 gm. The average realization from a crankshaft approximately ranges from Rs 450 to Rs 900, varying across motorcycles, scooters and mopeds in the two-wheeler segment. In case, the crankshaft is supplied as assembly to two-wheeler OEMs, then the supplier realization will be 30-40% higher over bare crankshaft halves. The higher realization is on account of bought out parts such as crank pin, bearings and sprockets. Cost of the crankshaft depends on its complexity and design, raw material and processes used, finish quality etc.

Crankshaft market split in Two-wheelers in value terms type, fiscal 2024



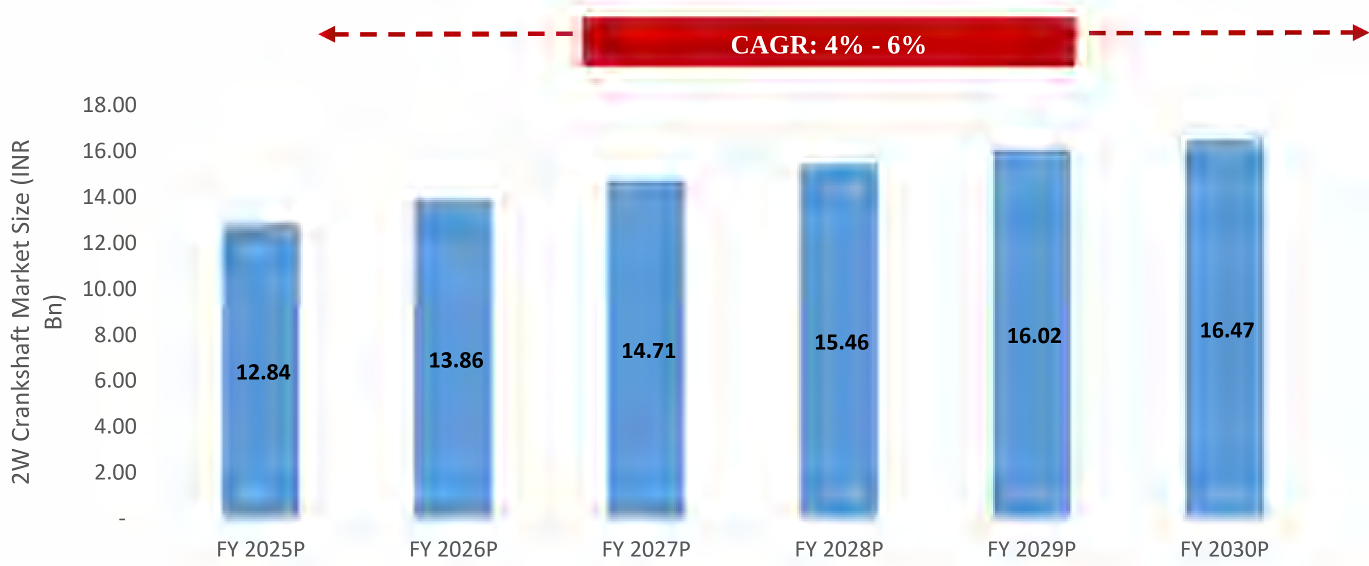
Source: CRISIL MI&A

Key players

Kay Jay Forge, Laxmi-Agni and Sansera Engineering are the leading manufacturers of two-wheeler crankshafts in India. Other players in this space includes Highway Cycles, Kalyani Forge, Modern Automotive. Bharat Forge and Mahindra CIE are key manufacturers of passenger vehicle crankshafts.

Outlook, fiscals 2025- 2030

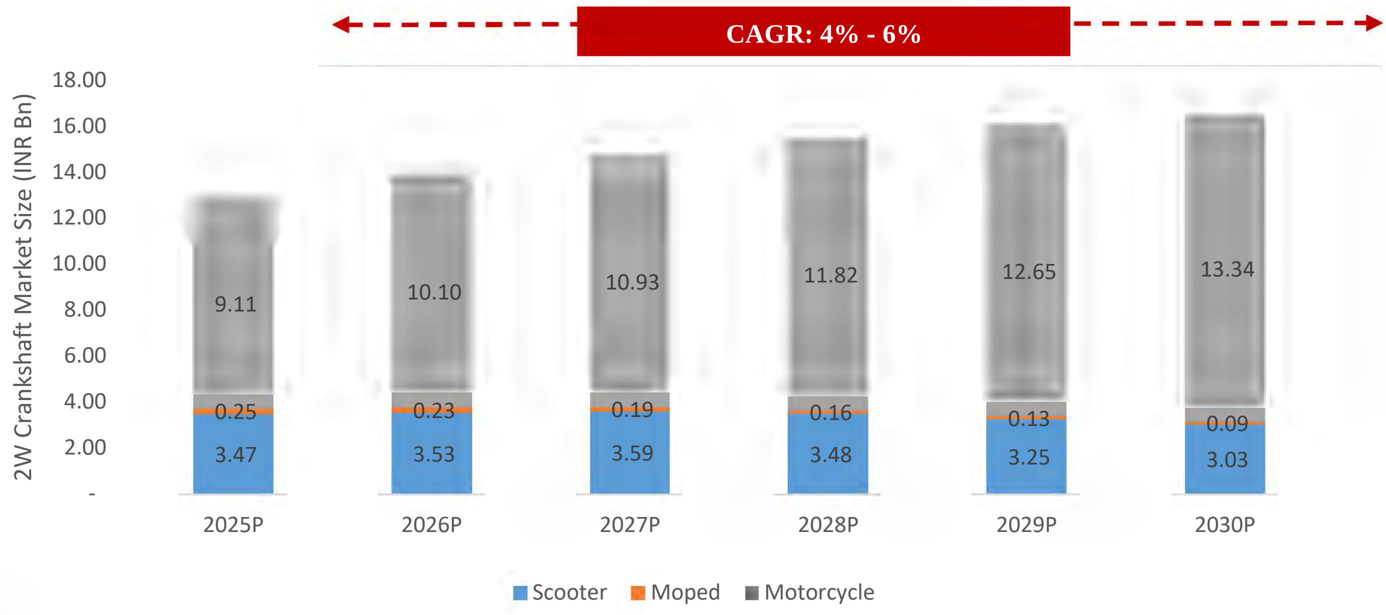
CRISIL MI&A estimates the two-wheeler crankshaft market to clock 4% - 6% CAGR to Rs 16.47 billion by fiscal 2030.



P: Projected

Source: CRISIL MI&A

Crankshaft market outlook and split across two-wheeler segment (Rs Billion), fiscal 2025P to 2030P



P: Projected

Source: CRISIL MI&A

Crankshaft market growth in value, fiscal 2025P-30P

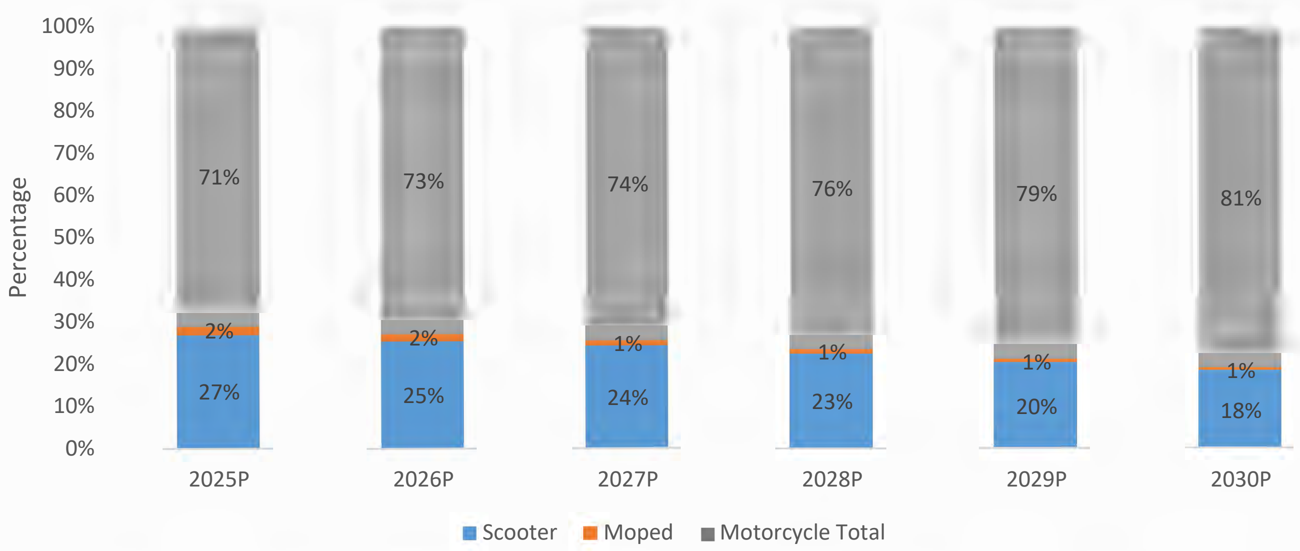
Vehicle Segment	CAGR FY2025P-30P
Motorcycles	7% - 9%

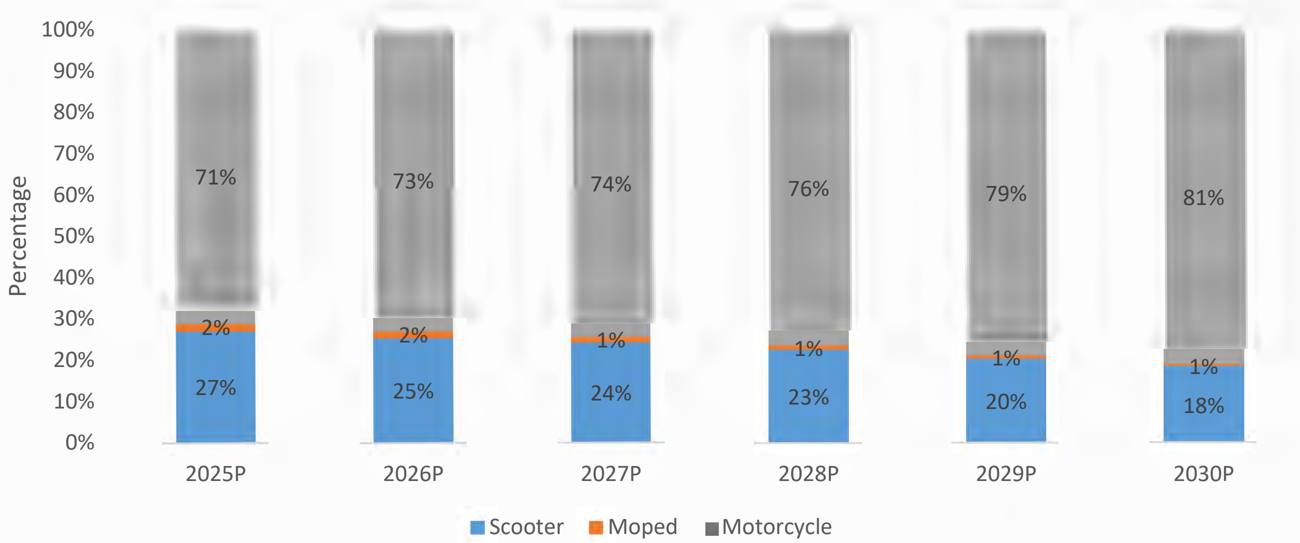
P: Projected

Source: CRISIL MI&A

The increasing shift toward electrification in the scooter and moped segments is contributing to a contraction in the market size for crankshafts in scooter and moped segment of the two wheelers, as electric vehicles do not require this component, leading to a decline in demand within these two-wheeler categories.

Split across vehicle segments for Crankshafts, fiscal 2025P-30P (% Share)





P: Projected

Source: CRISIL MI&A

Rocker Arms

A rocker arm is an oscillating lever that conveys radial movement from the camshaft into linear movement at the intake or exhaust valves. The rotating camshaft pushes the rocker arm up and down, allowing the intake or exhaust valves to be opened and closed. A rocker arm is in continuous contact with the valve, which produces a lot of friction. Therefore, the raw material used is carefully selected such that the noise produced by the engine is reduced, the weight of the rocker arm is lower, and the rocker arm has more strength for higher efficiency in operations. Rocker arms come in various configurations, such as chrome plated, sintered tip, roller type and diamond-like carbon coated. Diamond-like carbon rocker arms find applications in premium 2Ws and high-performance passenger vehicles.

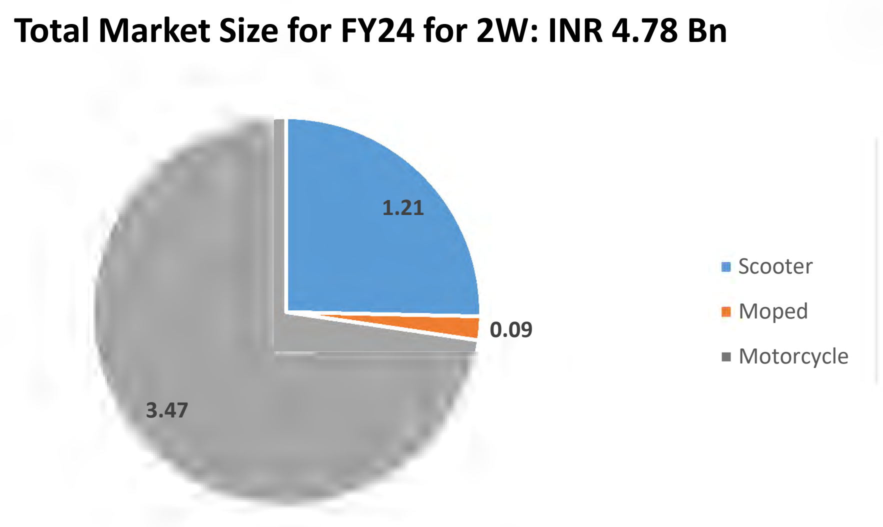
Two-wheeler Rocker arms market in India

Review, fiscal 2024

CRISIL Market Intelligence & Analytics (MI&A) estimates the size of the Rocker Arms (catering to OEM demand and for two-wheelers) at Rs 4.78 billion in fiscal 2024.

In the two-wheeler segment, the realization for a rocker arm ranges from Rs 100 to Rs 170, based on design / type of rocker arm (from chrome to roller type) varying across motorcycles, scooters and mopeds.

Rocker Arms market split in Two-wheelers in value terms type, fiscal 2024



Source: CRISIL MI&A

Key players

In India, Bajaj Motors, FIE group and Sansera Engineering, are among the leading two-wheeler rocker arm manufacturers in India.

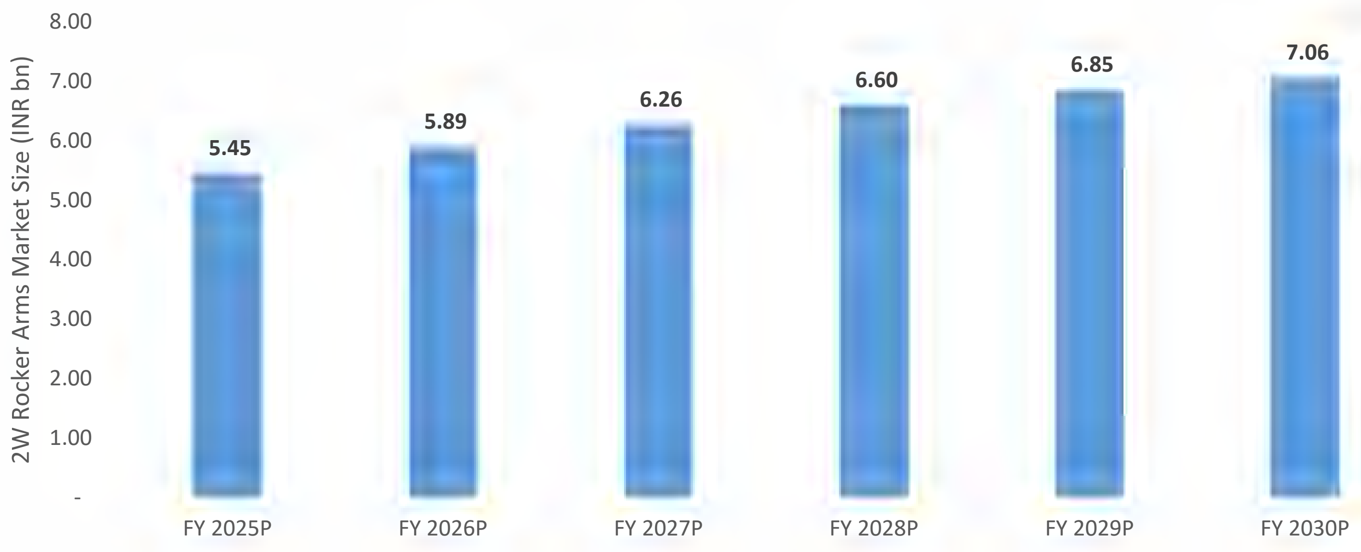
Micro Turner, Sansera Engineering and Schaeffler India are the leading passenger vehicle rocker arm manufacturers in India.

Sansera Engineering is the largest supplier of rocker arm to two-wheeler as well as passenger vehicle OEMs in India.

Outlook, fiscals 2025- 2030

CRISIL MI&A estimates the two-wheeler Rocker Arms market to clock 4% - 6% CAGR to Rs 7.06 billion by fiscal 2030.

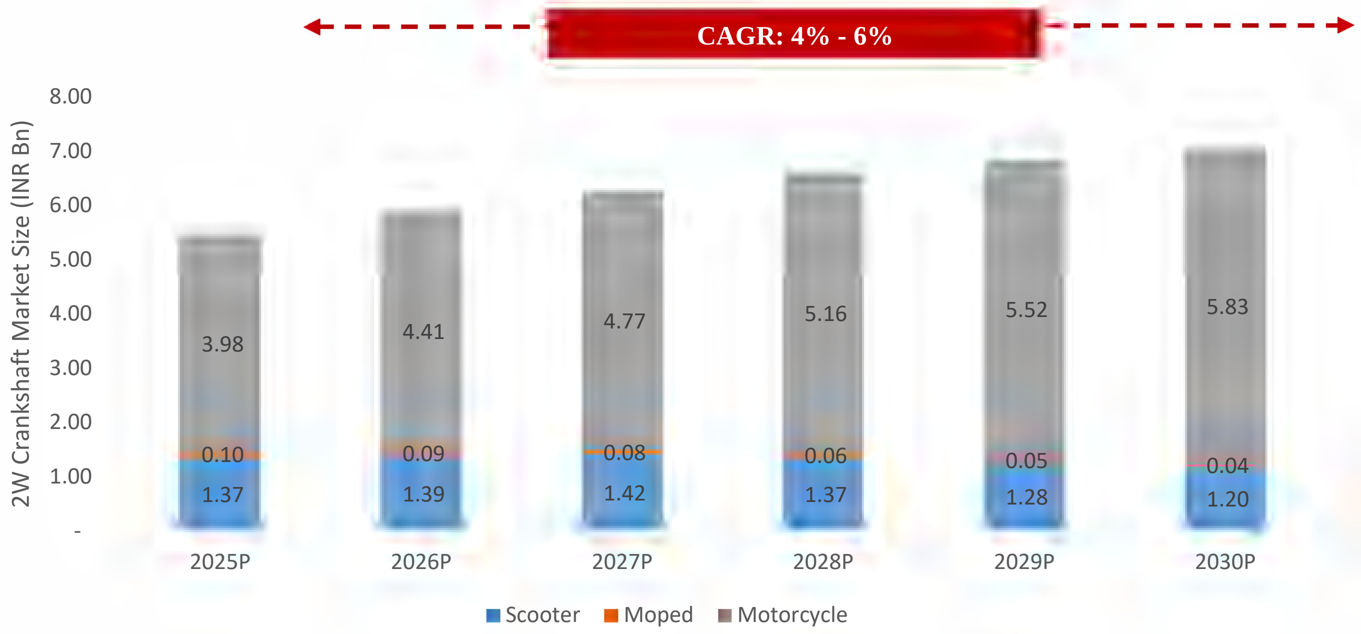
CAGR: 4% - 6%



P: Projected

Source: CRISIL MI&A

Rocker Arms outlook and split across Two-wheeler segment (Rs Billion), fiscal 2025P to 2030P



P: Projected

Source: CRISIL MI&A

Rocker Arms market growth in value, fiscal 2025P-30P

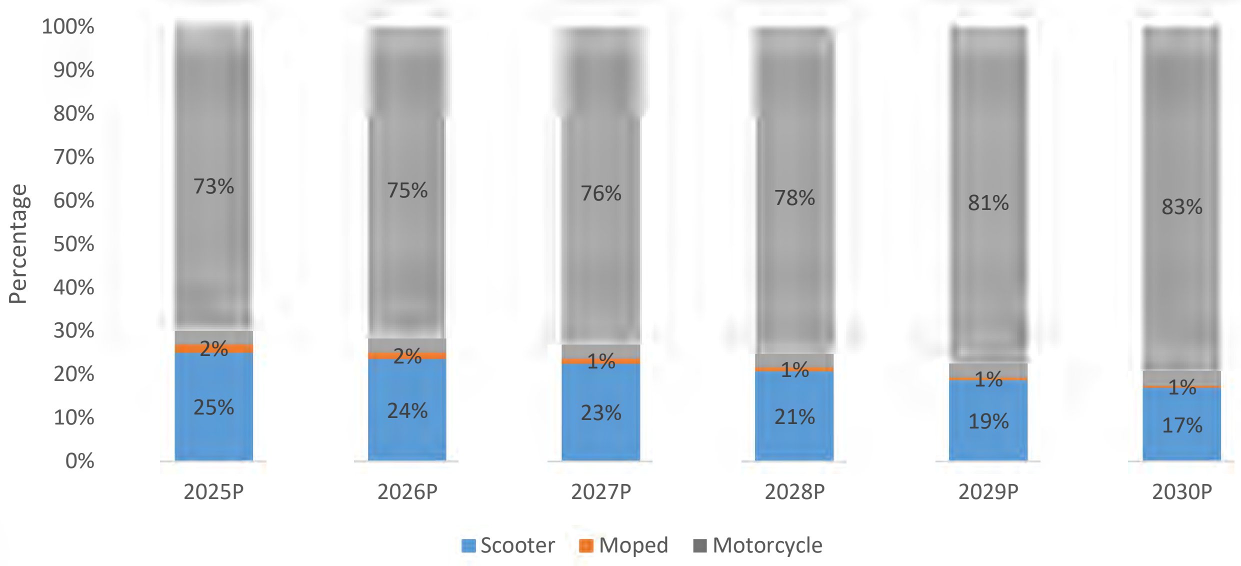
Vehicle Segment	**CAGR FY2025P-30P**
Motorcycles	8%

P: Projected

Source: CRISIL MI&A

The increasing shift toward electrification in the scooter and moped segments is contributing to a contraction in the market size for crankshafts in scooter and moped segment of the two wheelers, as electric vehicles do not require this component, leading to a decline in demand within these two-wheeler categories.

Split across vehicle segments for Rocker Arms, fiscal 2025P-30P (% Share)



P: Projected

Source: CRISIL MI&A

Gear Shift Forks

A gear shifter fork is used to slide gears into or out of engagement with other gears to change the gear ratio in a manual transmission. Only the vehicles with manual transmission (including automated manual transmission, AMT) have gear shift forks. Other technologies, such as continuously variable transmission (CVT), do not have a gear shift fork. CVT is also known as a single-speed or automatic transmission. Unlike fixed gear ratios, which are found in mechanical transmission, CVT uses a continuous range of gear ratios, which are controlled/ changed automatically. In two-wheelers, most scooters and mopeds come with CVT.

The usage intensity of gear shift forks depends on the number of gears in a vehicle. In the case of two-wheeler motorcycles, two-gear shift forks are required, as a typical motorcycle has four forward gears

The raw material and process are selected based on the gear shift fork's specific properties, such as higher strength and stiffness. There is an increasing shift towards usage of aluminium in gear shift forks to lighter the vehicle weight.

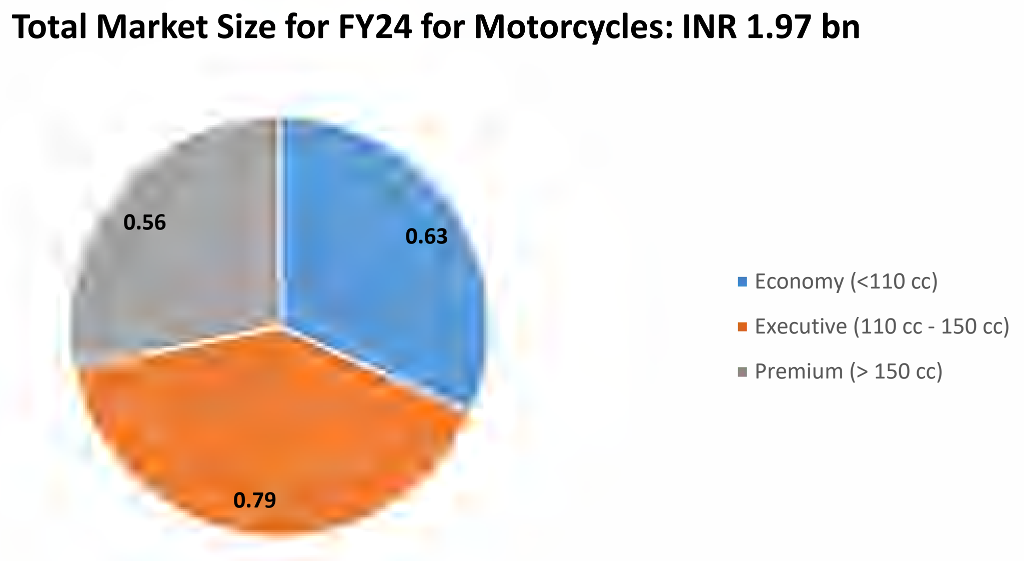
Two-wheeler (Motorcycles) Gear Shift Forks market in India

Review, fiscal 2024

CRISIL Market Intelligence & Analytics (MI&A) estimates the size of the Gear Shift Forks (catering to OEM demand and for two-wheelers) at Rs. 1.97 billion in fiscal 2024.

In the two-wheeler (Motorcycles) segment, the realization for a Gear Shift Forks ranges from Rs. 50 to Rs. 90.

Gear Shift Forks market split in Two-wheelers (Motorcycles) in value terms type, fiscal 2024



Source: CRISIL MI&A

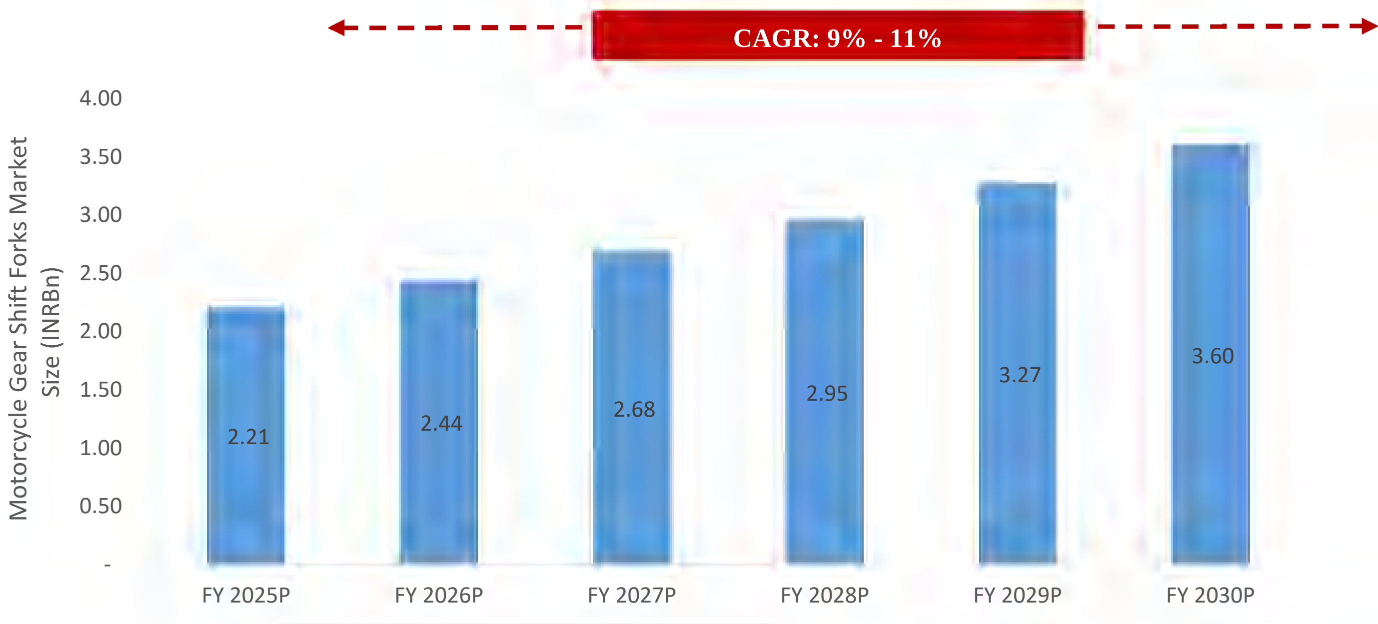
Key players

Bajaj Motors, FIE Group and Sansera Engineering are the leading manufacturers of two-wheeler gear shifter forks in India. Sansera Engineering is the largest supplier of gear shift fork to two-wheeler OEMs in India.

Kalyani Forge, Micro Turner, RICO Auto and Sansera Engineering are the leading manufacturers of passenger vehicle gear shift forks in India.

Outlook, fiscals 2025- 2030

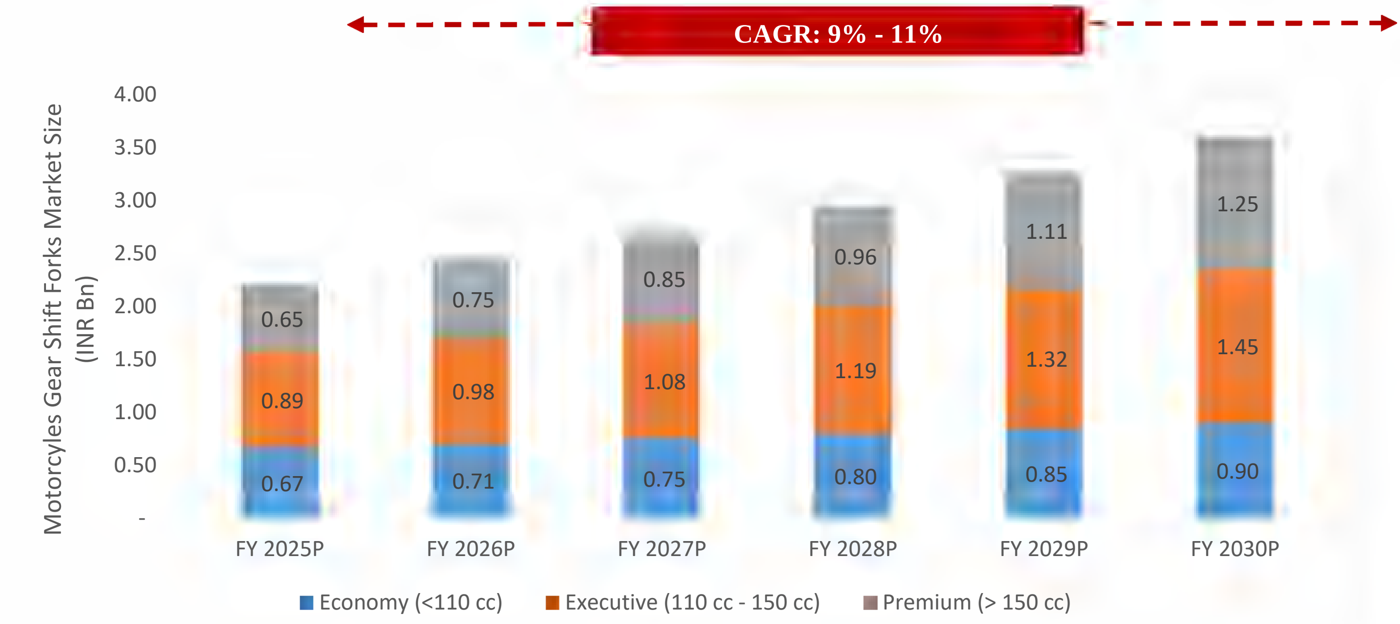
CRISIL MI&A estimates the two-wheeler (Motorcycles) Gear Shift Forks market to clock 9% - 11% CAGR to Rs 3.6 billion by fiscal 2030.



P: Projected

Source: CRISIL MI&A

Gear Shift Forks outlook and split across Motorcycles segment (Rs Billion), fiscal 2025P to 2030P



P: Projected

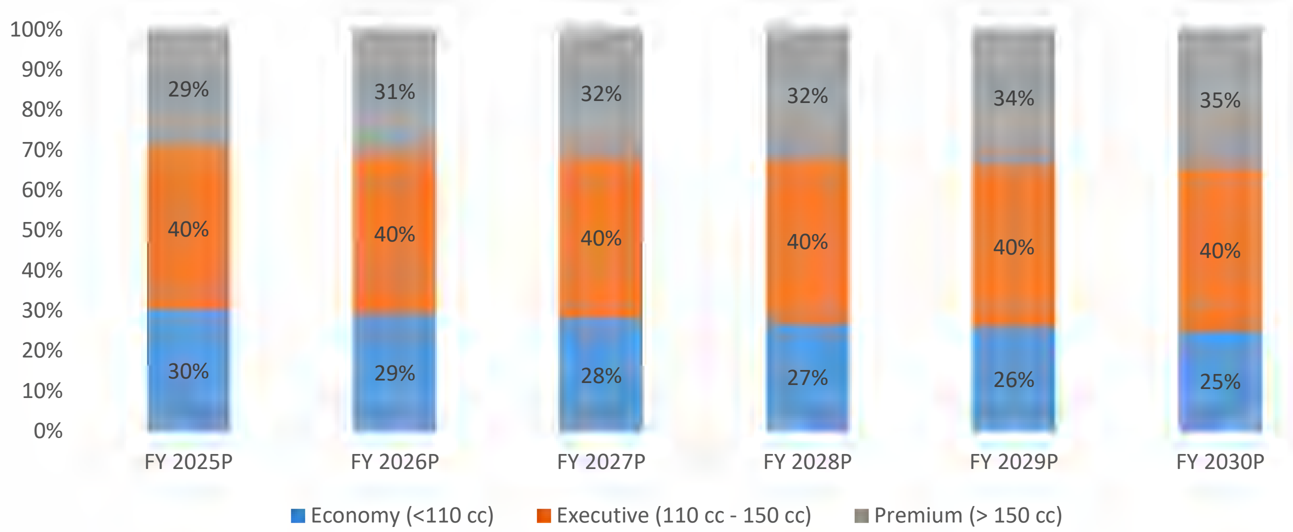
Source: CRISIL MI&A

Gear Shift Forks market growth, fiscal 2025P-30P

Vehicle Segment	CAGR FY2025P-30P
Premium (>150 cc)	5% - 7%
Executive (110 cc – 150 cc)	9% - 11%
Economy (<110 cc)	12% - 14%

Source: CRISIL MI&A

Split across motorcycle segments for Gear Shift Forks, fiscal 2025P-30P (% Share)



P: Projected

Source: CRISIL MI&A

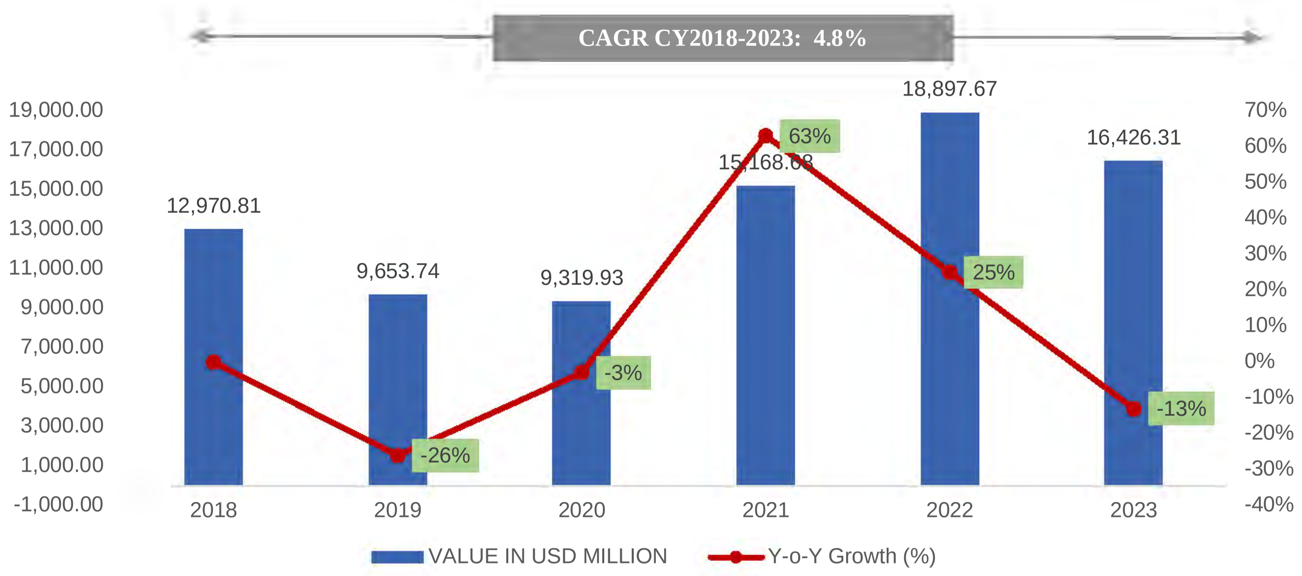
The market share of the gear shift fork in the economy segment is expected to decline, with this share being absorbed by the premium segment, driven by the rising demand for premium two-wheelers

MARKET SIZING OF GLOBAL AND INDIAN ALUMINIUM FORGING INDUSTRY

Review of Aluminium Forging Industry (CY18-23)

Aluminium Forging Industry witnessed a CAGR growth of 4.8% between CY2018 and CY2023, showcasing considerable growth opportunity despite 13% y-o-y decline in 2023 owing to the falling average prices for forged Aluminium auto components. Forged aluminium parts and components in the automotive sector are in high demand owing to their benefit in manufacturing lightweight auto components. In recent years, lightweighting property has been favoured by auto manufacturers as it assists in reducing vehicle weight subsequently, helping to reduce carbon emissions.

Fig: Aluminium Forging Industry, value in USD million, CY2018-2023



Source : Mordor Intelligence

Fig: Aluminium Forging Industry, Production Volume in Million Units, CY2018-2023

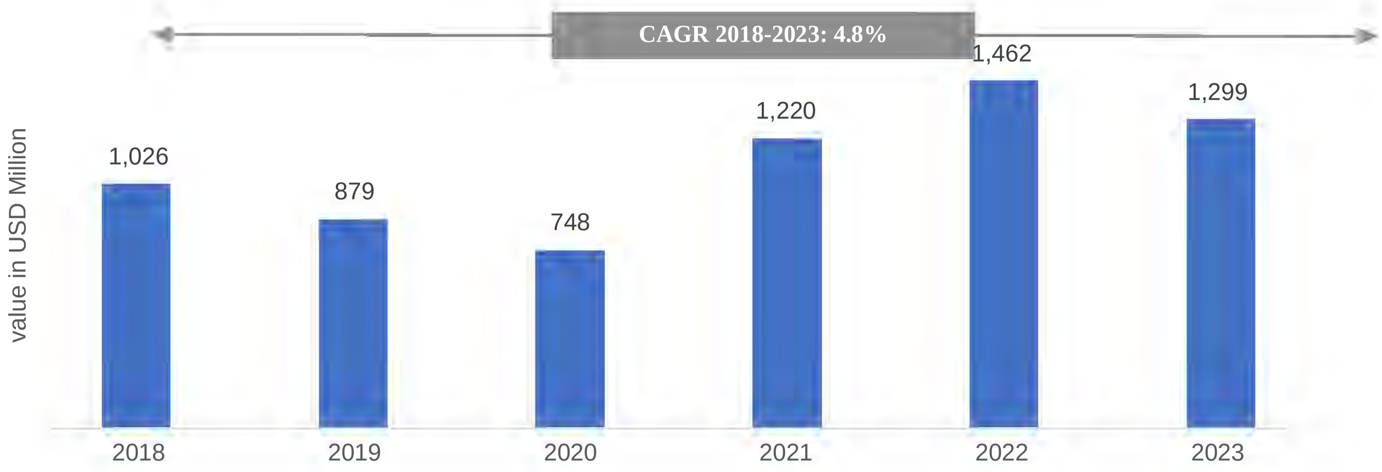
Source : Mordor Intelligence

Two-Wheeler

Two-Wheelers segment of the market studied accounted for a value of USD 1,026.11 million in CY2018 and reached USD 1,298.91 million in CY2023, projecting a CAGR of 4.83% during CY2018-2023. The reduction in average forged aluminium parts and components prices in 2023 led to a slight decline in value terms. However, the market has witnessed substantial CAGR during 2018 and 2023, growing at 4.8% during the same period. The demand for higher-strength and corrosion-resistant parts and components has acted as a catalyst for the growth of the two-wheeler segment of the aluminium forging market. Various components, such as triple clamps, gear hubs, transmission casings, etc., are manufactured by imbibing aluminium forging. Further, rising traffic congestion coupled with the extensive usage of two-wheelers in the last-mile delivery services sector is leading to increased two-wheeler sales worldwide, consequently fuelling the demand for advanced forged aluminium components.

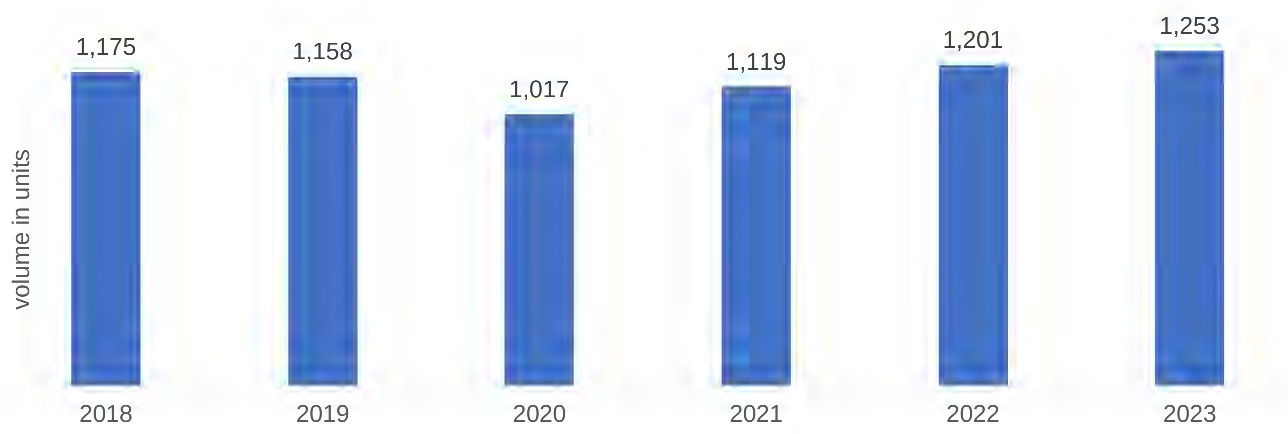
Various two-wheeler manufacturers operating in the ecosystem are leveraging on the benefit of using aluminium, strategizing to procure this material and integrate aluminium parts and components into their two-wheeler products.

Fig: Aluminium Forging Industry, value in USD Million, Two-Wheelers, Global, CY2018-2023



Source : Mordor Intelligence

Fig: Aluminium Forging Industry, Production volume in units, Two-Wheelers, Global, CY2018-2023



Source : Mordor Intelligence

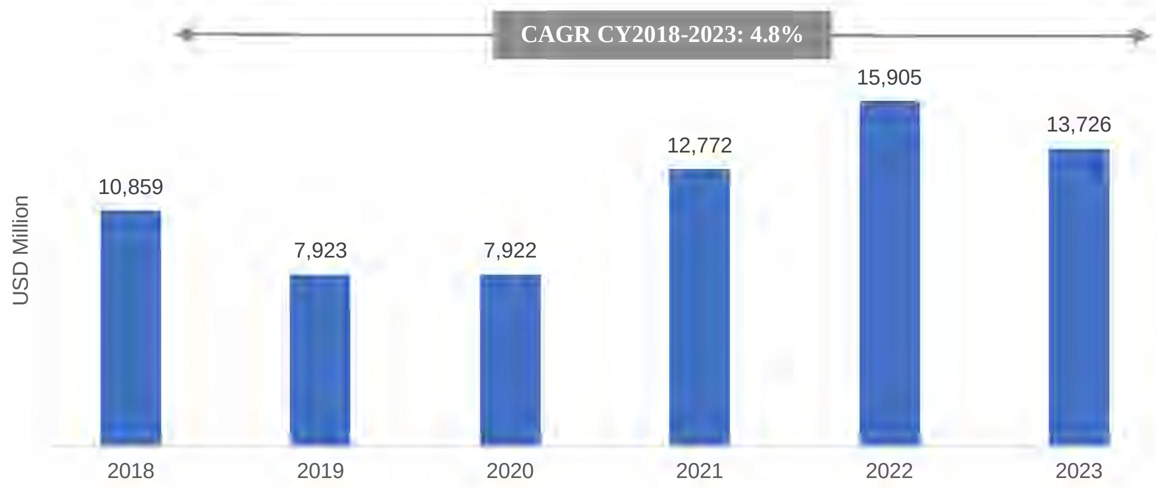
Passenger Vehicles

Passenger vehicles segment was valued at USD 10,859.21 million in 2018 and reached USD 13,725.63 million in CY2023, projecting a CAGR of 4.8% during CY2018-2023. On the other hand, between 2022 and 2023, the market witnessed contraction year-over-year owing to the decline in average prices for forged aluminium parts and components.

The penetration of electric vehicles, owing to the government's aggressive push towards decarbonizing the transportation sector, is leading to an extensive demand for lightweight parts and components to reduce the overall vehicle weight, positively impacting the segment's growth.

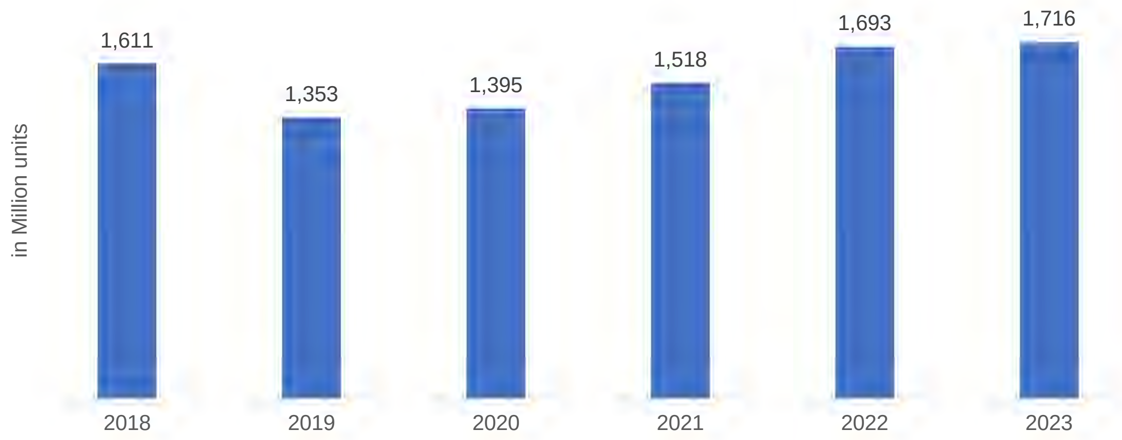
Furthermore, premium and high-end passenger vehicle manufacturers have actively strategized incorporating aluminium-forged components to improve the vehicle's overall strength and durability. Therefore, the growing production volume for SUVs and other high-end car models also assists in the growth of the passenger vehicle market segment.

Fig: Aluminium Forging Industry, value in USD Million, Passenger Vehicles, Global, CY2018-2023



Source : Mordor Intelligence

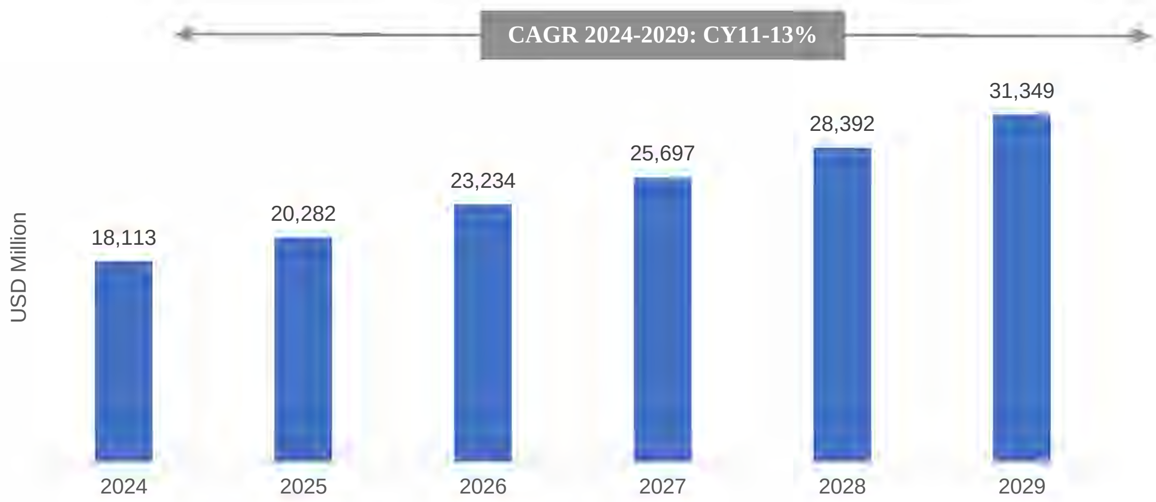
Fig: Aluminium Forging Industry, Production volume in Million units, Passenger Vehicles, Global, CY2018-2023



Source : Mordor Intelligence

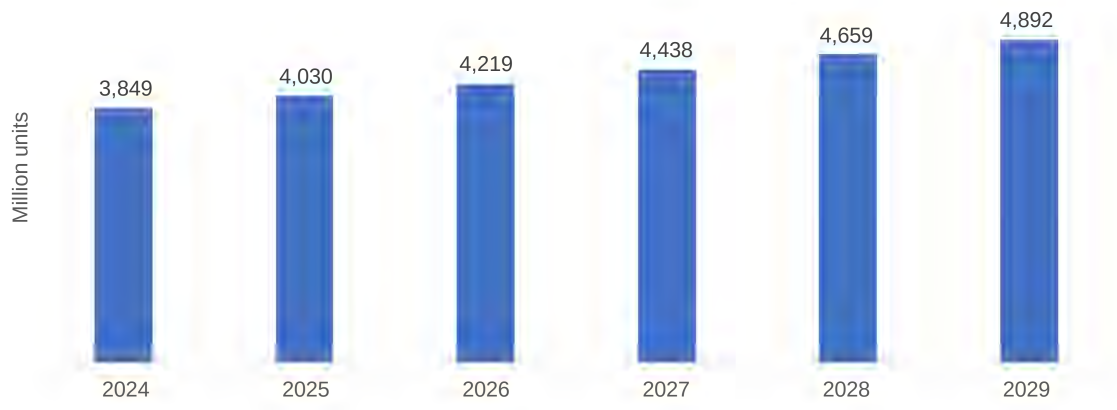
Outlook on Aluminium Forging Industry: (CY24-29)

Fig: Aluminium Forging Industry, value in USD million, CY2024-2029



Source : Mordor Intelligence

Fig: Aluminium Forging Industry, Production Volume in Million units, 2024-2029

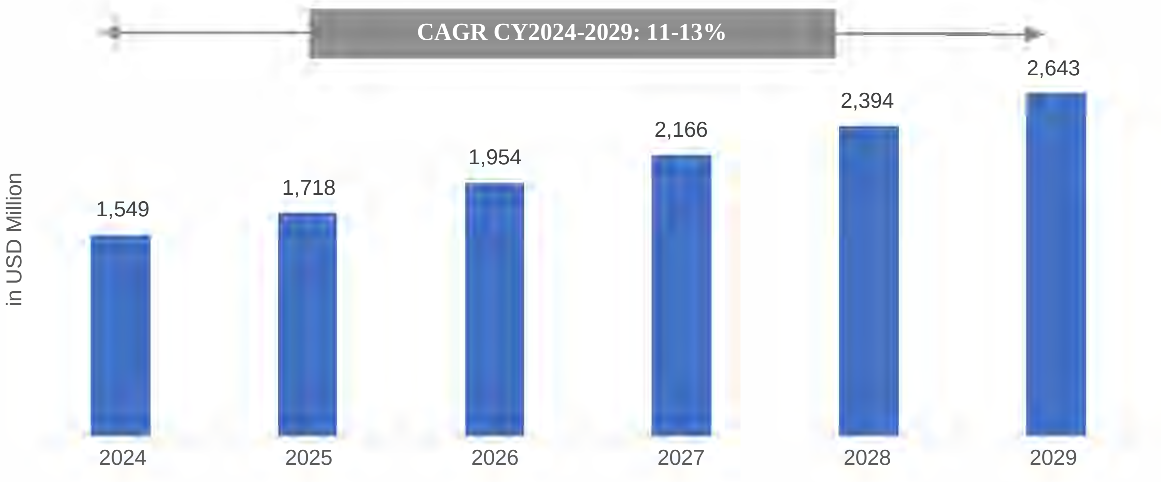


Source : Mordor Intelligence

Two-Wheeler

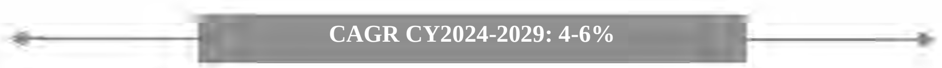
Two-Wheelers segment of the market studied accounted for a value of USD 1,298.91 million in CY2023 and is expected to reach USD 2,643.03 million in CY2029, projecting a CAGR of 11-13% during the forecast period CY2024-2029. In the global market, the adoption of two-wheelers has been picking its pace, especially in European countries, owing to the improvements in mobility infrastructure and the government's strict regulations for enhancing the safety of motorists. Furthermore, consumers in countries such as the United States prefer to avail motorcycles for daily transportation and recreational purposes, fuelling the demand for advanced aluminium forged parts and components in the two-wheeler industry. In the coming years, electric two-wheelers will gain massive traction worldwide owing to their extensive usage in the delivery services sector and shifting consumers' preference for new-energy vehicles. The penetration of e2W worldwide will contribute to the demand for lightweight aluminium forged parts and components.

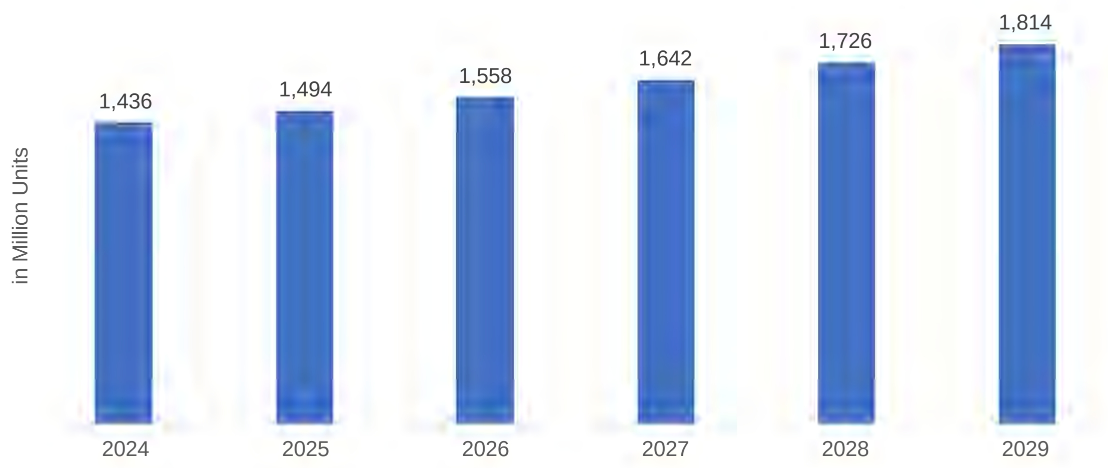
Fig: Aluminium Forging Industry, Value in USD Million, Two-Wheelers, Global, CY2024-2029



Source : Mordor Intelligence

Fig: Aluminium Forging Industry, Production Volume in Million Units, Two-Wheelers, Global, CY2024-2029



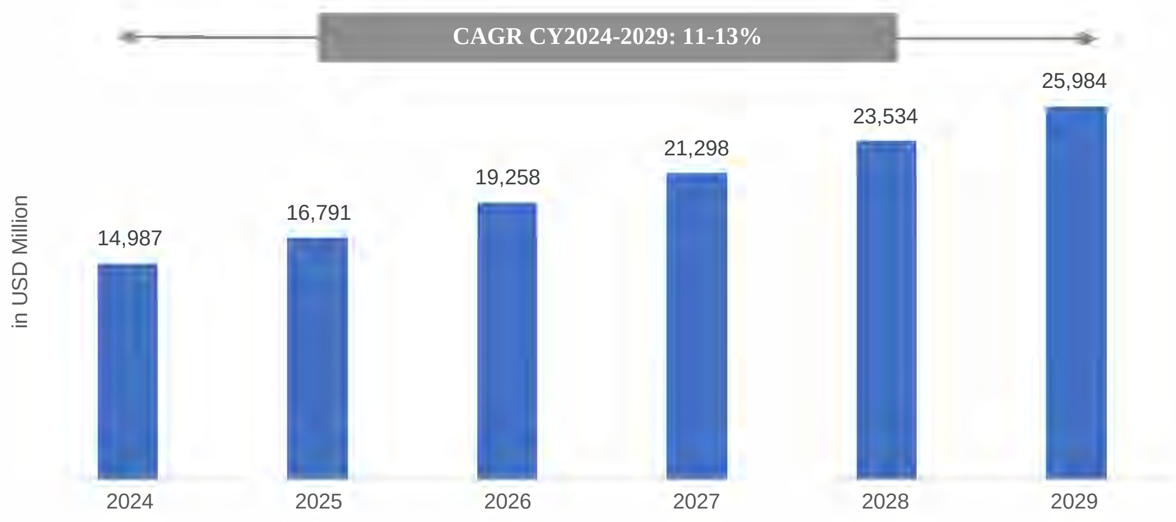


Source : Mordor Intelligence

Passenger Vehicles

Passenger vehicles segment of the market studied is expected to reach USD 25,984.00 million in CY2029, projecting a CAGR of 11-13% during the forecast period CY2024-2029. PV segment of the market has witnessed massive growth in recent years worldwide, driven by the preference for advanced technologies such as ADAS. Due to the stringent government regulations worldwide to reduce vehicle carbon emissions, manufacturers increasingly favor incorporating aluminium-forged lightweight parts and components.

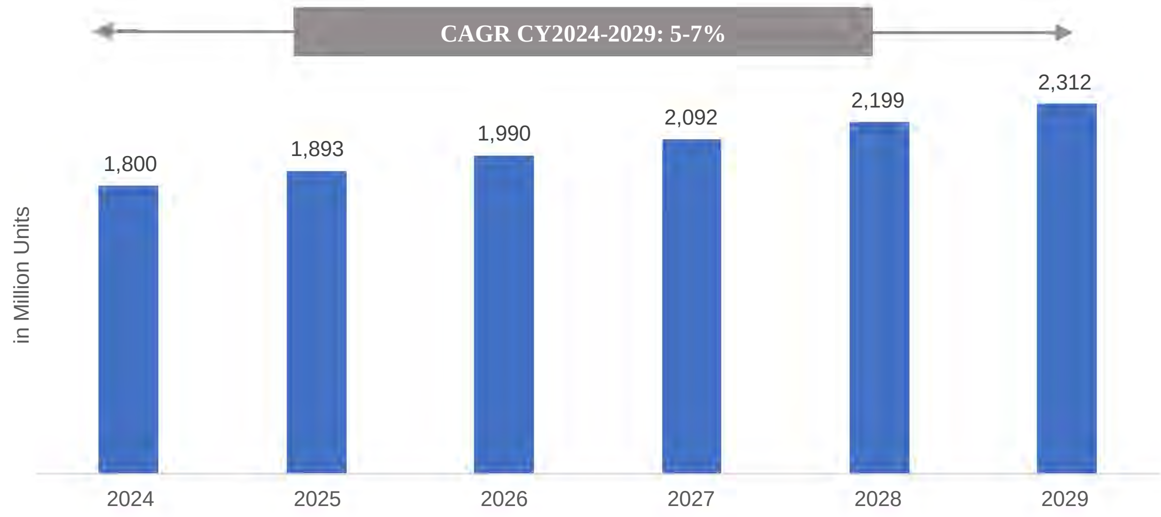
Fig: Aluminium Forging Industry, Value in USD Million, Passenger Vehicles, Global, CY2024-2029



Source : Mordor Intelligence

Fig: Aluminium Forging Industry, Production Volume in Million Units, Passenger Vehicles, Global,

CY2024-2029



Source : Mordor Intelligence

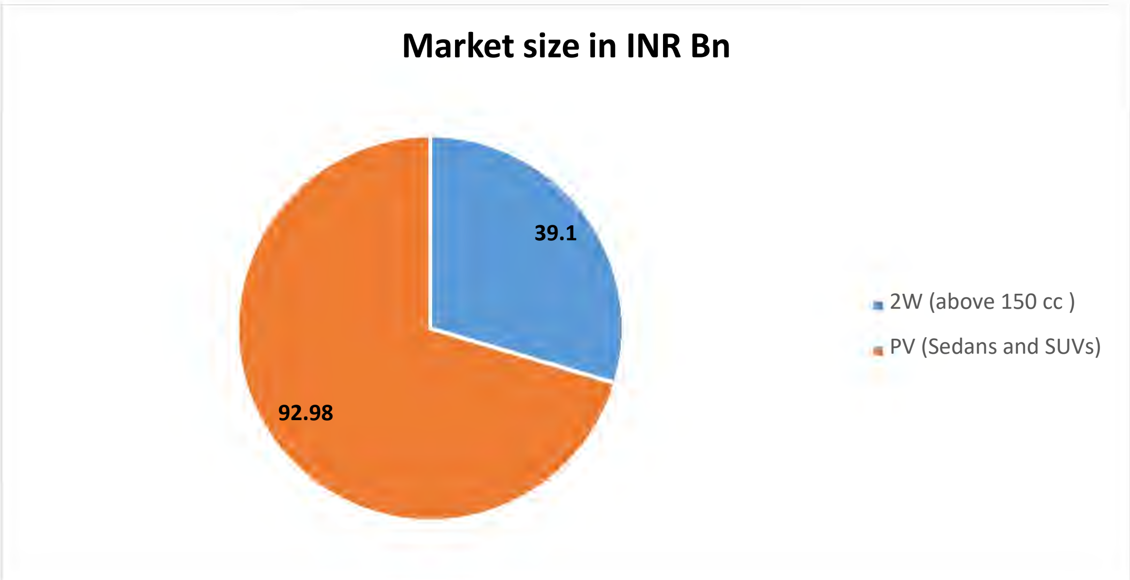
Review of Domestic Aluminium Forging industry

Review Fiscal 2024

CRISIL Market Intelligence & Analytics (MI&A) estimates the size of the Aluminium forged auto-components market for Two-wheelers (Premium Motorcycles above 150cc) and Passenger Vehicles (Sedans and SUVs) at Rs 132.1 billion in fiscal 2024. The average realization for a two-wheeler Aluminium forged auto-components ranges from about 9% to 11% of the vehicle manufacturing cost. For passenger vehicle Aluminium forged auto-components ranges from about 9% to 16% of the vehicle manufacturing cost, depending on the segment of the vehicle.

The passenger vehicle segment contributes to a higher share in the Aluminium forged auto-components market, due to the higher manufacturing cost.

Aluminium Forged Auto-components market split by vehicle category type, fiscal 2024



Source: CRISIL MI&A

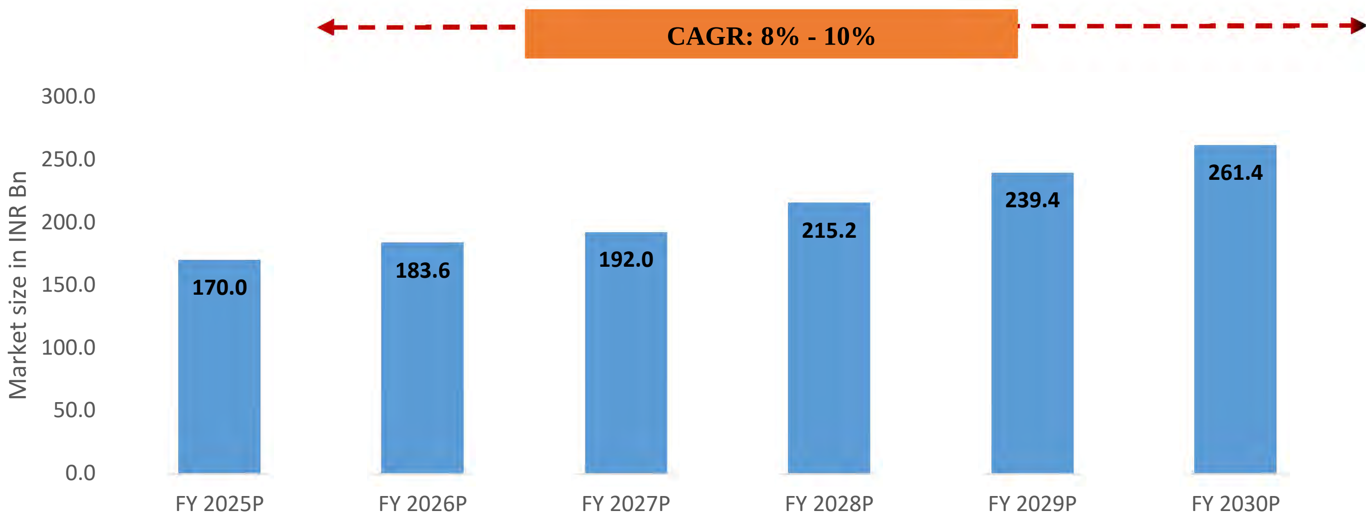
Key players

IQS Engineering Solutions, UniqueForge, PyroCast India, ACE Forge, Aress High Duty Forgings are the leading manufacturers of aluminium forging in India

Outlook on Domestic Aluminium Forging Industry, fiscal 2025- 2030

CRISIL Market Intelligence & Analytics (MI&A) estimates the size of aluminium forged auto-components industry to grow at 8%-10% CAGR to Rs 261.4 billion between fiscals 2025 and 2030.

Aluminium forged auto-components market outlook across vehicle segment (Rs Billion), fiscal 2025P to 2030P

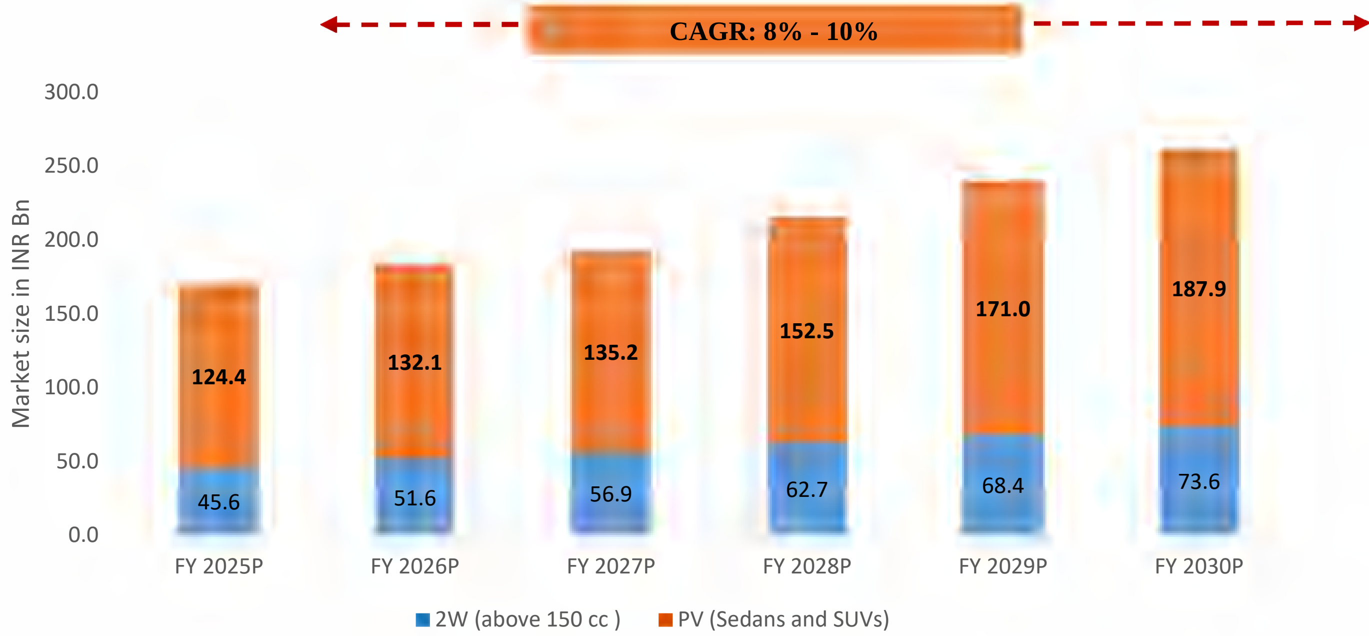


P: Projected

Source: CRISIL MI&A

Aluminium forged auto-components market outlook and split across vehicle segment (Rs Billion), fiscal

2025P to 2030P



P: Projected

Source: CRISIL MI&A

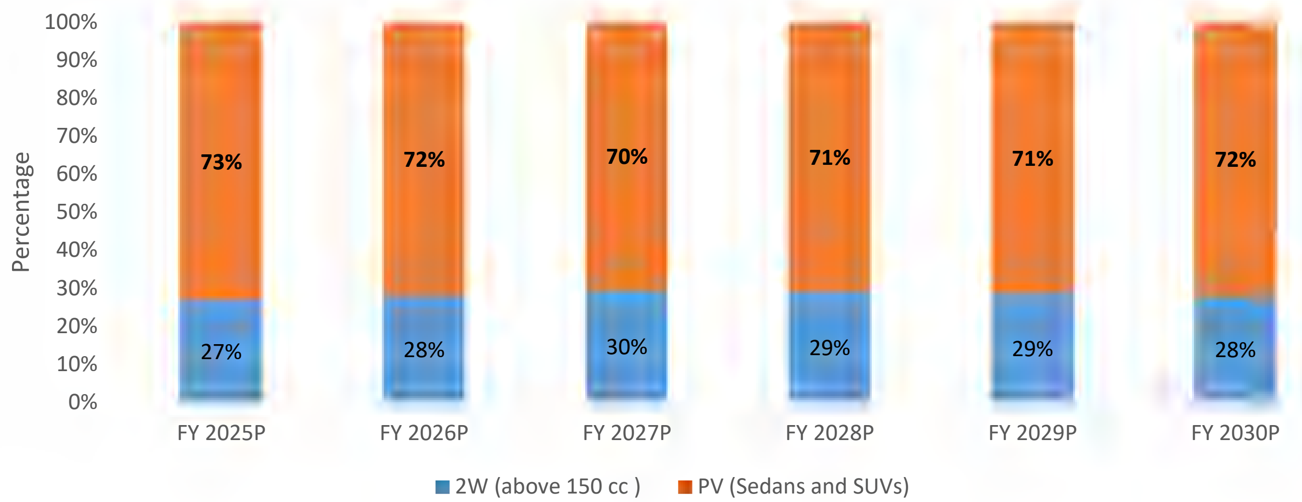
Aluminium forged auto-components market growth in value, fiscal 2025P-30P

Vehicle Segment	CAGR FY2025P-30P
Two wheelers (Motorcycles above 150 cc)	9% - 11%
PVs (Sedans and SUVs)	8% - 10%

P: Projected

Source: CRISIL MI&A

Split across vehicle segments for Aluminium forged auto-components, fiscal 2025P-30P (% Share)



P Projected

Source: CRISIL MI&A

Key growth drivers

<u>Key Growth Drivers of the Aluminium Forging Industry – Global</u>

Expanding Aluminium Production Capacity Fosters the Market Growth

Aluminium materials are being increasingly preferred as a substitute for steel and other materials in the automotive parts and components industry owing to its capability to offer lightweight and durable products to auto manufacturers. Therefore, the expanding production capacity of aluminium worldwide is a major determinant for the growth of the aluminium forging industry as it is easily procured which enhances the efficiency in the supply chain.

- According to the United States Geological Survey, China, India, Russia, and Canada were the countries with the highest aluminium smelter production volume in 2023
- Aluminium producers like Chalco, based in China, are among the major primary aluminium producers worldwide.

Moreover, the government's strategy to expand domestic aluminium production capacity will also facilitate the demand for forged aluminium parts and components, thereby assisting the integration of these products in passenger vehicles and two-wheelers.

- In September 2024, the Indonesian government launched a smelter-grade alumina refinery operated by state miner Aneka Tambang in the country's West Kalimantan province.
- The estimated investment for this new refinery, which has a production capacity of 1 million metric tons of alumina per year and is valued at USD 941 million

Demand For Lightweight Auto Parts and Components Fuels the Market Demand

The adoption of electric two-wheelers, PHEVs, and BEVs in the market fosters the demand for lightweight automotive parts and components, attributed to the preference of manufacturers to reduce the overall vehicle weight, subsequently curbing carbon emissions from vehicles.

- According to the International Energy Agency, China, Japan, and South Korea were the leading countries across the Asia-Pacific region with the highest number of plug-in hybrid electric car (PHEV) sales in 2023.

- The number of PHEVs sold in China reached 2,700 thousand units in 2023, followed by Japan, with sales volume touching 52 thousand units, and South Korea recorded a sales volume of 12 thousand units during the same period.

The increasing demand for lightweight auto parts and components further enhances the growth of the aluminium forging industry. Aluminium's nature assists in producing lightweight and corrosion-resistant products. Furthermore, using aluminium to produce parts and components helps improve the product's strength. It is much more environmentally friendly than its steel counterparts, making it the ideal choice for these automakers.

- Wheel hubs, suspension components, engine blocks, and frames are some of the major components manufactured using aluminium forging

OUR BUSINESS

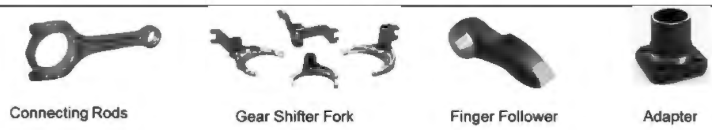
This section contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain *factors, including the considerations described below. For details, see "Forward-Looking Statements" on page 21.*

Industry and market data used in this section have been derived from the CRISIL Report, which was commissioned *by our Company for the purpose of the Issue for an agreed fee. For more details, see "Industry and Market Data" on page 19.*

Overview

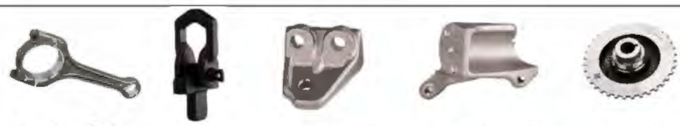
Established more than 40 years ago, we are an engineering-led integrated manufacturer of complex and critical precision engineered components across the automotive and non-automotive sectors. We are a global supplier and we sold our products to 88 customers in 26 countries, including India, in Fiscal 2024. We supply most of our products directly to original equipment manufacturers ("**OEMs**") in finished (forged and machined) condition, resulting in significant value addition by us. Within the automotive sector, we manufacture and supply a range of precision forged and machined components and assemblies for internal combustion engine ("**ICE**") two-wheelers ("**2Ws**"), passenger vehicles and commercial vehicles (which we define as "**Auto – ICE**") and electric/hybrid 2Ws, passenger vehicles and commercial vehicles (which we define as "**xEV**"), including components that can be used in ICE vehicles and xEV (which define as "**Auto – Tech Agnostic**"). Keeping in view the emerging opportunities in light-weighting in the automotive sector, we diversified into aluminium forging based precision components in Fiscal 2022. While we continue to grow from our strong position in Auto-ICE, we are constantly adding new products for xEV, Auto-Tech Agnostic and the non-automotive sector. Within the non-automotive sector, we manufacture and supply a range of precision components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines. We were the 10th ranked global supplier of connecting rods within the light vehicle segment (passenger vehicles with gross vehicle weight of 3.5 tonnes or less, "**Light Vehicle**") in terms of production volume (units) for CY 2023 and the 8th ranked global supplier of connecting rods within the commercial vehicle ("**CV**") segment in terms of production volume (units) for CY 2023 (*source: the CRISIL Report*). We were the largest supplier in terms of production volume (units) in Fiscal 2024 of (i) connecting rods, rocker arms and gear shifter forks for two-wheeler OEMs in India and (ii) connecting rods and rocker arms for passenger vehicle OEMs in India (*source: the CRISIL Report*).

The table below summarises our product portfolio for the automotive sector.

<table>
<tr><th colspan="3">Automotive Sector</th></tr>
<tr><th>Segment</th><th>Type of Vehicle</th><th>Products</th></tr>
<tr><td rowspan="2">Auto – ICE</td><td>2Ws</td><td>
</td></tr>
<tr><td>Passenger vehicles</td><td>
</td></tr>
</table>

	Commercial vehicles	 Fractured Conrod, Breaking Crankshaft, Gear Shifter Fork, Guide Bush
Auto - Tech Agnostic	2Ws / electric 2 wheelers (“**e-2W**”)	 Stem Comp Bracket, Foot Lever, Starter Gear Bracket, Foot Rest, Flange
	Passenger vehicles / hybrid vehicles/ battery-EVs	 Differential Lock Hook, Steering Parts, Hub
	Commercial vehicles	 Differential Lock Hook, Tilt Cabin Bush
xEV	2Ws	 Drivetrain Parts, Rotor Parts
	Passenger vehicles	 Pinion Differential Drive, Drive Train rotor Shaft, Balance Ring, Timing sprocket
	Commercial vehicles	 Rear Spring Bracket, Hub

The table below summarises our product portfolio for the non-automotive sector.

Non-Automotive Sector	
Industry/product	**Products**
Aerospace and defence	 Tailing Edges, Door Kit, Aero structure Parts, Cargo Door
Off-road vehicles	 Connecting Rods, Shackle, Mounting Bracket, Engine Mounting Bracket, Adapter Hub
Agriculture	 Connecting Rod, Common Rail, Pump Barrel
Industrial and marine engines	 Crankshaft, Rocker Arm, Connecting Rod, Crankshaft

The tables below give a breakdown of our revenue from sale of products for the periods and fiscal years indicated.

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Auto - ICE [A]	5,032.44	71.85%	4,695.70	76.14%
Auto - Tech Agnostic & xEV [B]	1,132.57	16.17%	750.33	12.17%
Automotive sector [C = A + B]	***6,165.01***	***88.02%***	***5,446.03***	***88.30%***
Non-automotive sector [D]	838.88	11.98%	721.36	11.70%
Revenue from sale of products [E = C +D]	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Automotive - ICE [A]	19,884.22	75.43%	16,894.52	77.71%	15,474.82	83.39%
Auto - Tech Agnostic & xEV [B]	3,237.52	12.28%	2,259.81	10.39%	1,124.69	6.06%
Automotive sector [C = A + B]	***23,121.74***	***87.71%***	***19,154.33***	***88.11%***	***16,599.51***	***89.45%***
Non-automotive sector [D]	3,239.49	12.29%	2,585.09	11.89%	1,958.34	10.55%
Revenue from sale of products [E = C +D]	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

The following tables set out our revenue from sale of products by geographical spread for the periods and fiscal years indicated:

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
India [A]	4,732.07	67.56%	4,218.03	68.39%
Europe [B]	1,371.67	19.58%	1,202.55	19.49%
USA [C]	707.79	10.11%	556.91	9.03%
Other foreign countries [D]	192.36	2.75%	189.90	3.08%
Revenue from foreign countries [E = B + C +D]	***2,271.82***	***32.44%***	***1,949.36***	***31.61%***
Revenue from Sale of Products [F = A+E	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
India [A]	18,099.05	68.66%	15,563.78	71.59%	11,682.89	62.95%
Europe [B]	4,854.46	18.41%	3,826.04	17.61%	4,428.14	23.86%
USA [C]	2,603.52	9.88%	1,566.36	7.19%	1,724.91	9.29%
Other foreign countries [D]	804.20	3.05%	783.24	3.60%	721.91	3.89%
Revenue from foreign countries [E = B + C +D]	***8,262.18***	***31.34%***	***6,175.64***	***28.41%***	***6,874.96***	***37.05%***
Revenue from Sale	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
of Products [F = A+E						

We are a technology-driven company with a focus on design, engineering, machine building and automation capabilities. These capabilities enable us to roll out new products in a timely manner and develop higher strength components required for high-end performance and graduate from manufacturing individual parts to the designing and manufacturing of sub-assemblies, thereby moving us up the value chain. We possess machine building capabilities. Computer numerical control ("**CNC**") special purpose machines that we have built are deployed across our 17 integrated manufacturing facilities. Most of the machines we build are modular by design and can be refurbished for other applications in case of a reduction in demand or a phasing out of the product for which the machine was originally built, thereby reducing our capital expenditure requirements and de-risking our business model. Our automation division, which works concurrently with our machine design and machine building divisions, has implemented multiple automation projects intended to increase our productivity and control labour costs. As at August 31, 2024, a team of 557 personnel supported our design, engineering, machine building, automation and technical support functions.

We believe our engineering capabilities, evolved over decades, have enabled us to consistently offer quality, complex, precision components and assemblies, allowing us to diversify our business beyond the Auto – ICE segment into various other segments, including xEV, aerospace, defence, off-road vehicles, and agriculture. We are constantly adding new products to our portfolio with a wide range of engineering solutions tailored to meet the needs of various industries. Since April 1, 2021, we have developed (i) chassis, suspension and drive train components for electric two-wheelers (ii) braking system components for passenger vehicles and commercial vehicles, (iii) machined engine casings for aerospace, (iv) components for stationary engines, and (v) chassis, seating and drivetrain components for electric and hybrid passenger vehicles. We also have an active pipeline of products under development. The tables below set forth the number of our product families sold in the periods and Fiscals indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of product families sold	78	79

Note:

(1) Number of product families sold for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the product families sold for Fiscals 2024, 2023 and 2022.

Particulars	Year ended March 31,		
	2024	2023	2022
Number of product families sold	84	78	70

Within India, our customers include nine out of the top 10 two-wheeler OEMs based on production volume for Fiscal 2024 (*source: the CRISIL Report*), four passenger vehicle OEMs, including a leading passenger vehicle OEM, and nine xEV OEMs. Globally, our customers include six global Light Vehicle OEMs, three global MHCV OEMs and three global EV OEMs (*source: the CRISIL Report*). The tables below set forth the number of our customers for the periods and Fiscals indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of customers	77	73

Note:

(1)Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022.

Particulars	Year ended March 31,		
	2024	2023	2022
Number of customers	88	90	79

Our OEM customers typically have stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers. These procedures include review of the manufacturer's expertise, available manufacturing facilities, processes, financial capabilities and logistical capabilities. Owing to the critical applications of our products and the stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers, we believe it is difficult for new players to become qualified or replace us in supplying the precision components we provide. This is corroborated by our status as a single source supplier in certain product categories for some of our key customers and by the fact that we have relationships spanning more than 20 years with 39.74% of our customer base for Fiscal 2024 and 10-20 years with 28.71% of our customer base for Fiscal 2024. In the two-wheeler vertical, we have relationships spanning 24 years with Honda Motorcycle & Scooter India Pvt Ltd, 28 fiscal years with Bajaj Auto Limited and 27 years with India Yamaha Motor Pvt Ltd, the second, fourth and fifth largest two-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2024, respectively (*source: the CRISIL Report*). In the passenger vehicle vertical, we have relationships spanning 37 years with a leading Indian passenger vehicle OEM, over 13 years with a leading European passenger vehicle OEM and over 13 years with one of the leading North American passenger vehicle OEMs.

We have received numerous awards over the years that bear testimony to our ability to successfully meet our customers' requirements.

We have 17 integrated manufacturing facilities, of which 16 are in India in the states of Karnataka (Bengaluru – nine facilities, Bidadi – one facility and Tumkur – two facilities), Haryana (Manesar – one facility), Maharashtra (Chakan – one facility), Uttarakhand (Pantnagar – one facility) and Gujarat (Mehsana – one facility), and one facility is in Trollhättan, Sweden. Our manufacturing operations are (i) integrated across the product cycle with the entire manufacturing process (encompassing forging, heat treatment, precision machining, other specialized processing, assembly, testing and quality control) being carried out in-house and (ii) coordinated through concurrent design and engineering, machine building and automation divisions. This enables us to keep the core competencies required for our business within our Group, streamline our production processes, achieve shorter product development and delivery times, exercise greater control over key inputs and processes, reduce inventories and manage capital expenditure.

We are an employee-driven, professionally managed organisation. Our Promoter, Chairman and Managing Director, Subramonia Sekhar Vasan, and our Promoter and Joint Managing Director, Fatheraj Singhvi are members of our Key Management Personnel. However, all other Key Management Personnel and all Senior Management Personnel are not related to the Promoters or the Promoter Group. Our Key Management Personnel and Senior Management Personnel have extensive experience in the precision components manufacturing industry, including in operations, business development, quality assurance, customer relationships and human resources, In addition, they have diversified expertise and global exposure, and therefore are equipped with long-standing entrepreneurial and leadership skills, as well as strategic thinking, planning and management skills. Three members of out of our five Key Management Personnel and five members of out of our 10 Senior Management Personnel have been with our Company for more than 10 years. Our Key Management Personnel and Senior Management Personnel have ownership stakes in our Company through ESOP schemes, with a view to align their interests with our performance.

Set forth below are certain key financial metrics as at the dates and for the periods and fiscal years indicated.

Particulars	**As at and for the three months ended June 30,**		**As at and for the year ended March 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
	₹ in million, except percentages and ratios				
Revenue from operations	7,439.33	6,600.66	28,114.32	23,460.44	19,890.32
Total income	7,443.31	6,604.92	28,138.58	23,561.13	20,045.25
Gross Profit(1)(*)	3,109.39	2,632.85	11,236.94	9,298.84	7,994.47
Gross Profit Margin(2) (*) (%)	41.80%	39.89%	39.97%	39.64%	40.19%
EBITDA(3)(*)	1,275.28	1,143.53	4,798.51	3,847.53	3,335.91
EBITDA Margin(4) (*) (%)	17.14%	17.32%	17.07%	16.40%	16.77%
EBIT(5) (*)	879.67	799.09	3,327.97	2,647.42	2,293.81
EBIT Margin(6) (*) (%)	11.82%	12.11%	11.84%	11.28%	11.53%
Profit before tax	687.05	609.83	2,557.91	2,032.32	1,783.68
Profit for the period/year ("**PAT**")	501.43	451.7	1,875.49	1,483.42	1,318.89
PAT Margin(7) (*) (%)	6.74%	6.84%	6.67%	6.32%	6.63%
Adjusted Net Debt(8) (*)	7,718.21	N.A.(11)	7,381.29	6,504.71	5,948.16
Adjusted Net Debt to Equity Ratio(9) (*)	0.54	N.A.(11)	0.54	0.55	0.57
Adjusted RoCE(10) (*) (%)	4.09%(12)	N.A.(11)	16.92%	15.29%	15.28%

Notes:

13. Gross Profit is calculated as revenue from operations minus (i) cost of materials consumed, (ii) changes in inventories of finished goods and work-in-progress, (iii) conversion charges, (iv) consumption of stores and spares and (vi) power and fuel ("**Gross Profit**").

14. Gross Profit Margin is calculated as Gross Profit divided by revenue from operations ("**Gross Profit Margin**").

15. EBITDA is calculated as the sum of (i) profit for the period/year, (ii) total tax expenses, (iii) depreciation and amortisation expense and (iv) finance costs less (i) other income and (ii) share of net profit of associates ("**EBITDA**").

16. EBITDA Margin is calculated as EBITDA divided by total income ("**EBITDA Margin**").

17. EBIT is calculated as the sum of (i) profit for the period/year, (ii) total tax expenses, and (iii) finance costs ("**EBIT**").

18. EBIT Margin is calculated as EBIT divided by revenue from operations ("**EBIT Margin**").

19. PAT Margin is calculated as profit for the period/year divided by revenue from operations ("**PAT Margin**").

20. Adjusted Net Debt is calculated as the sum of (i) non-current borrowings plus (ii) current borrowings less (i) cash and cash equivalents and (ii) bank balances other than cash and cash equivalents ("**Adjusted Net Debt**").

21. Adjusted Net Debt to Equity Ratio is calculated as Adjusted Net Debt divided by total equity.

22. Adjusted RoCE (Return on Capital Employed) is calculated as EBIT divided by Average Capital Employed. Average Capital Employed is calculated as (the sum of the opening balance of total equity plus Adjusted Net Debt and the closing balance of total equity plus Adjusted Net Debt) divided by two.

23. There is no balance sheet disclosed in the Unaudited Interim Consolidated Financial Results.

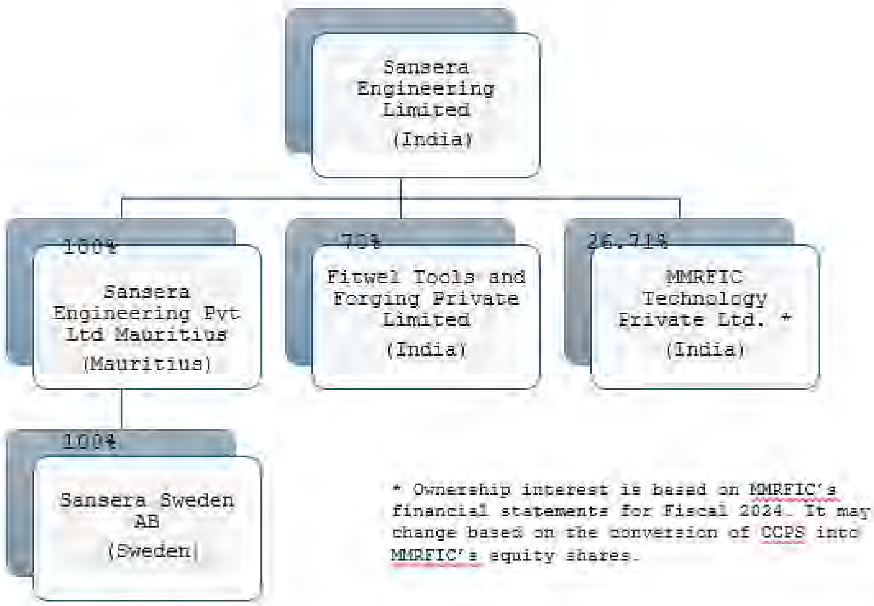
24. Non-annualised.

(*) Non-GAAP Financial Measure. For a reconciliation of this Non-GAAP Financial Measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliations of Non-GAAP Financial Measures" on page 126.

Our Company's long-term bank facilities are domestically rated by ICRA as [ICRA] AA-/Stable (issued on February 28, 2024) and by India Ratings as Ind AA-/Stable (issued on March 28, 2024) and our Company's short-term bank facilities are domestically rated by ICRA as [ICRA] A1+ (issued on February 28, 2024) and by India Ratings as Ind A1+ (issued on March 28, 2024).

Corporate Structure

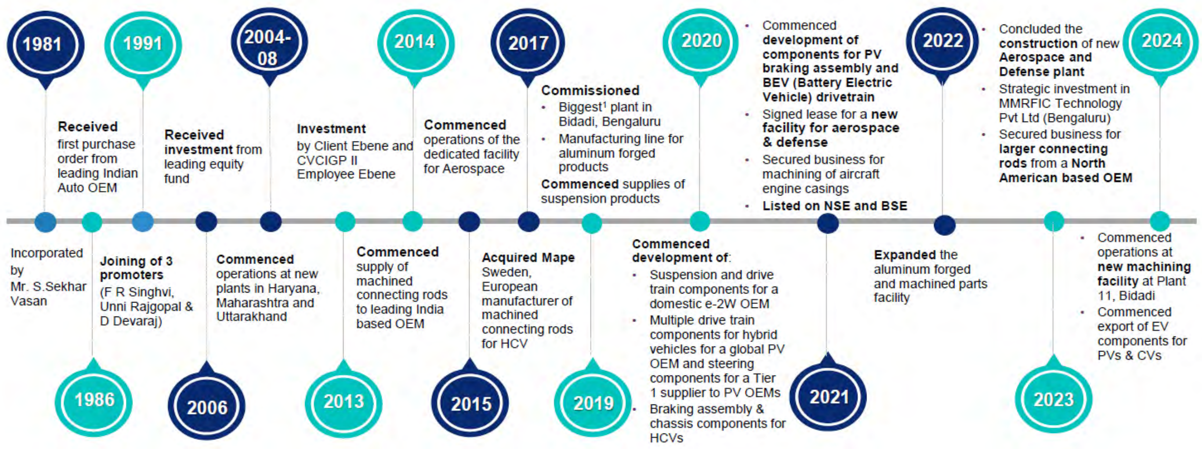
The chart below sets forth our corporate structure as on the date of this Preliminary Placement Document.



For more details on our Subsidiaries and Associate, see "*Organisational Structure*" on page 308.

History

Over the last more than 35 years, we have created differentiated products and diversified across product categories and geographies. The chart below sets forth certain milestones in our history. The years referred to in the chart are fiscal years.



Note:
(2) The plant commissioned in 2017 is our Company's biggest manufacturing facility.

Our Strengths

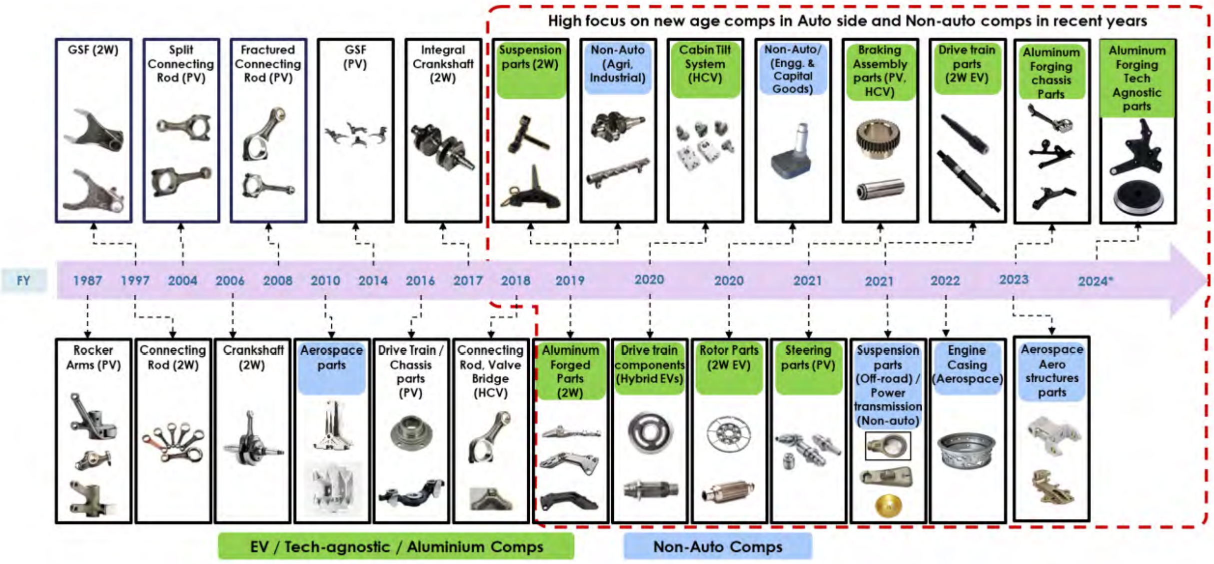
A leading supplier of complex and high-quality precision engineered components with a diversified and resilient product portfolio

We were the 10^{th} ranked global supplier of connecting rods within the light vehicle segment (passenger vehicles with gross vehicle weight of 3.5 tonnes or less, "**Light Vehicle**") in terms of production volume (units) for CY 2023 and the 8^{th} ranked global supplier of connecting rods within the commercial vehicle segment in terms of production volume (units) for CY 2023 (*source: the CRISIL Report*). We were the largest supplier in terms of production volume (units) in Fiscal 2024 of (i) connecting rods, rocker arms and gear shifter forks for two-wheeler OEMs in India and (ii) connecting rods and rocker arms for passenger vehicle OEMs in India (*source: the CRISIL Report*).

We believe that our market position is the result of our established presence in the precision components manufacturing industry and our ability to manufacture and supply complex, high-quality precision components according to our customers' specifications, resulting in us being many of our customers' preferred supplier. Further, we are the single source supplier for certain components to select OEM companies in India and globally.

We cater to multiple industry verticals across both automotive and non-automotive sectors. Within the automotive sector, we manufacture and supply a range of precision forged and machined components and assemblies for (i) ICE (internal combustion engine) 2Ws, three-wheelers, passenger vehicles and commercial vehicles and (ii) e-2Ws, xEV passenger vehicles and xEV commercial vehicles. We also manufacture and supply a range of precision forged and machined components and assemblies that can be used in ICE vehicles and xEV. Within the non-automotive sector, we manufacture and supply a range of precision components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines.

We are constantly adding new products to our portfolio. We have grown from 70 product families sold in Fiscal 2022 to 78 product families sold in Fiscal 2023 and to 84 product families sold in Fiscal 2024. The following chart depicts the timeline, in fiscal years, of securing business in relation to our key product families.

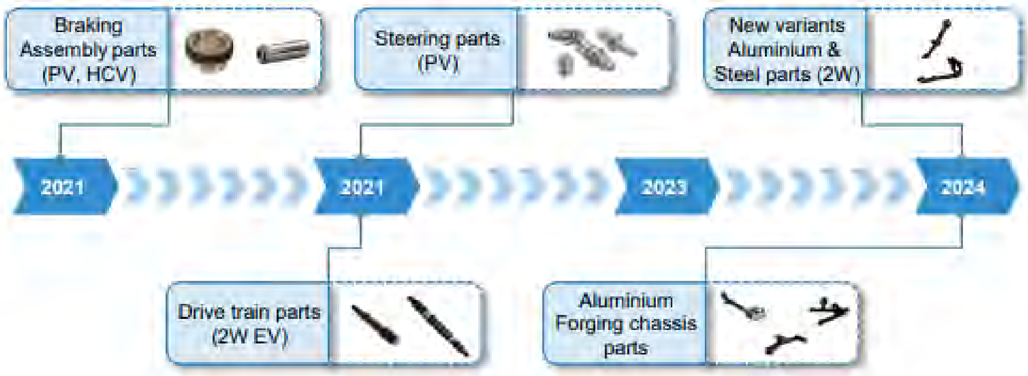


The following tables set out our revenue from sale of products by product families and as a percentage of total revenue from sale of products for the periods and fiscal years indicated.

Products	**Three months ended June 30, 2024**		**Three months ended June 30, 2023**	
	Revenue (₹ in million)	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**
Connecting rods	2,625.82	37.49%	2,847.38	46.17%
Rocker arms	1,065.51	15.21%	873.41	14.16%
Crank shaft assembly	1,041.72	14.88%	762.65	12.37%
Gear shifter forks	350.60	5.01%	324.37	5.26%
Stem comp	291.96	4.17%	174.07	2.82%
Aerospace products	256.41	3.66%	199.98	3.24%
Integral crankshaft	191.52	2.73%	89.04	1.44%
Others	1,180.35	16.85%	896.47	14.54%
Of which:				
Aluminium forged precision parts	*273.80*	*3.91%*	*74.11*	*1.20%*
Revenue from sale of products	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

Products	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Revenue (₹ in million)	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**
Connecting rods	10,803.06	40.98%	2,190.21	10.07%	7,951.86	42.85%
Rocker arms	4,082.59	15.49%	3,510.26	16.15%	3,383.71	18.23%
Crank shaft assembly	4,160.05	15.78%	3,859.24	17.75%	2,964.57	15.98%
Gear shifter forks	1,276.92	4.84%	1,122.58	5.16%	988.18	5.33%
Stem comp	820.84	3.11%	908.13	4.18%	638.98	3.44%
Aerospace products	1,093.25	4.15%	915.55	4.21%	588.39	3.17%
Integral crankshaft	529.95	2.01%	332.31	1.53%	249.28	1.34%
Others	3,594.57	13.64%	8,901.14	40.95%	1,792.88	9.66%
Of which:						
Aluminium forged precision parts	*470.55*	*1.79%*	*179.60*	*0.83%*	*125.45*	*0.68%*
Revenue from sale of products	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

We have received multiple orders for aluminium forged and machined components and expanded our product range for the Auto –Tech Agnostic, xEV and the defence and aerospace segments. The chart below summarises the expansion of our product range for the Auto –Tech Agnostic, xEV and the defence and aerospace segments (it is not exhaustive). The years referred to in the chart are fiscal years.



In Fiscal 2023, we set up a new dedicated facility in Bengaluru, Karnataka, India for the mass production of xEV components. In Fiscal 2024, we commenced exporting EV components for passenger vehicles and commercial vehicles.

As a result of the above, our revenue from sale of products for Auto Tech-Agnostic and xEV increased from ₹ 1,124.69 million in Fiscal 2022 to ₹ 3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹ 750.33 million in the three months ended June 30, 2023 to ₹ 1,132.57 million in the three months ended June 30, 2024, an increase of 50.94%, and our revenue from sale of products for the non-automotive sector increased from ₹ 1,958.34 million in Fiscal 2022 to ₹ 3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹ 721.36 million in the three months ended June 30, 2023 to ₹ 828.88 million in the three months ended June 30, 2024, an increase of 16.29%.

The tables below set out the revenues generated from various end-use segments and as a percentage of our revenue from sale of products.

Particulars	**Three months ended June 30, 2024**		**Three months ended June 30, 2023**	
	Revenue (₹ in million)	**% of Revenue from Sale of Products**	**Revenue (₹ in million)**	**% of Revenue from Sale of Products**
Automotive Sector				
Auto – ICE				
Two-wheelers	2,923.55	41.74%	2,528.91	41.00%
Of which:				0.00%
Scooters	*434.32*	*6.20%*	*349.09*	*5.66%*
Motorcycles	*2,489.22*	*35.54%*	*2,179.81*	*35.34%*
Three-wheelers	43.40	0.62%	46.04	0.75%
Passenger vehicles	1,360.58	19.43%	1,465.52	23.76%
Commercial vehicles	704.92	10.06%	655.23	10.62%
Sub Total (Auto – ICE) [A]	***5,032.44***	***71.85%***	***4,695.70***	***76.14%***
Auto – Tech Agnostic and xEV				
Auto – Tech Agnostic	711.63	10.16%	423.99	6.87%
xEV	420.94	6.01%	326.34	5.29%
Subtotal (Auto – Tech Agnostic and xEV) [B]	***1,132.57***	***16.17%***	***750.33***	***12.17%***
Subtotal (Automotive sector) [C = A + B]	***6,165.01***	***88.02%***	***5,446.03***	***88.30%***
Non-Automotive Sector				
Aerospace and defence	256.41	3.66%	199.98	3.24%
Off-road vehicles	301.70	4.31%	263.02	4.26%
Agriculture	160.88	2.30%	168.90	2.74%
Others	119.88	1.71%	89.45	1.45%
Subtotal (non-Automotive	***838.88***	***11.98%***	***721.36***	***11.70%***

Particulars	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
sector)[D]				
Revenue from Sale of Products [E = C + D]	**7,003.89**	**100.00%**	**6,167.39**	**100.00%**

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products	Revenue (₹ in million)	% of Revenue from Sale of Products
Automotive Sector						
Auto – ICE						
Two-wheelers	11,054.25	41.93%	9,428.23	43.37%	8,015.36	43.19%
Of which:						
Scooters	*1,533.22*	*5.82%*	*1,719.26*	*7.91%*	*1,247.69*	*6.72%*
Motorcycles	*9,521.03*	*36.12%*	*7,708.97*	*35.46%*	*6,767.67*	*36.47%*
Three-wheelers	200.28	0.76%	139.29	0.64%	148.92	0.80%
Passenger vehicles	6,013.86	22.81%	4,964.88	22.84%	4,914.78	26.48%
Commercial vehicles	2,615.83	9.92%	2,362.12	10.87%	2,395.77	12.91%
Subtotal (Auto – ICE) [A]	***19,884.22***	***75.43%***	***16,894.53***	***77.71%***	***15,474.82***	***83.39%***
Auto – Tech Agnostic and xEV						
Auto – Tech Agnostic	1,994.36	7.57%	1,442.90	6.64%	1,014.22	5.47%
xEV	1,243.15	4.72%	816.91	3.76%	110.47	0.60%
Subtotal (Auto – Tech Agnostic and xEV) [B]	***3,237.52***	***12.28%***	***2,259.81***	***10.39%***	***1,124.69***	***6.06%***
Subtotal (Automotive sector) [C = A+B]	***23,121.74***	***87.71%***	***19,154.34***	***88.11%***	***16,599.51***	***89.45%***
Non-Automotive sector						
Aerospace and defence	1,093.25	4.15%	915.35	4.21%	588.39	3.17%
Off-road vehicles	1,143.99	4.34%	686.10	3.16%	575.87	3.10%
Agriculture	555.83	2.11%	665.21	3.06%	528.40	2.85%
Others	446.42	1.69%	318.43	1.46%	265.67	1.43%
Sub Total (Non-automotive sector) [D]	***3,239.49***	***12.29%***	***2,585.09***	***11.89%***	***1,958.34***	***10.55%***
Revenue from Sale of Products [E = D +C]	**26,361.23**	**100.00%**	**21,739.42**	**100.00%**	**18,557.85**	**100.00%**

We believe we are well positioned to leverage our strengths and take advantage of the forecast growth in the automotive and non-automotive sectors. Manufacturing of precision automotive components is forecast by CRISIL MI&A to grow at a CAGR of 9-11% over Fiscal 2025 to Fiscal 2030, and manufacturing of precision non-automotive components is forecast by CRISIL MI&A to grow at a CAGR of 7-9% over Fiscal 2025 to Fiscal 2030 (*source: the CRISIL Report*).

Long-standing relationships with the majority of our customers, including leading domestic as well as international OEMs

We have relationships spanning more than 20 years with 39.74% of our customer base for Fiscal 2024, 10-20 years with 28.71% of our customer base for Fiscal 2024, and less than 10 years with the remaining 31.55% of our customer base for Fiscal 2024. We have long-standing relationships with several well-known Indian and global OEMs. In the two-wheeler vertical, we have relationships spanning 24 years with Honda Motorcycle & Scooter India Pvt Ltd, 28 fiscal years with Bajaj Auto Limited and 27 years with India Yamaha Motor Pvt Ltd, the second, fourth and fifth largest two-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2024, respectively (*source: the CRISIL Report*). In the passenger vehicle vertical, we have relationships spanning 37 years with the leading Indian passenger vehicle OEM in terms of domestic production volume for Fiscal 2024 (*source: the CRISIL Report*), over 13 years with a leading European passenger vehicle OEM (*source: the CRISIL Report*), and over 13 years with one of the leading North American passenger vehicle OEMs.

Within India, our customers include nine out of the top 10 two-wheeler OEMs based on production volume for Fiscal 2024 (*source: the CRISIL Report*), four passenger vehicle OEMs, including a leading passenger vehicle OEM, and nine xEV OEMs. Globally, our customers include six global Light Vehicle OEMs, three global MHCV OEMs and three global EV OEMs (*source: the CRISIL Report*).

Sound and diversified Order Book

In Fiscal 2023, we received ₹ 7,451.88 million worth of new orders, of which ₹ 3,672.58 million worth of orders were moved to mass production during Fiscal 2023. In Fiscal 2024, we received ₹ 8,640.75 million worth of new orders, of which ₹ 5,983.86 million worth of orders were moved to mass production in Fiscal 2024. In the three months ended June 30, 2024, we received ₹ 926.79 million worth of new orders. We refer to as our "Order Book" as our peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. However, our Order Book does not represent firm orders. For our domestic customers, we do not generally have firm commitment or long-term purchase agreements with most of our customers and instead rely on purchase orders issued by our customers from time to time. For our export customers, we enter into various purchase and supply agreements. The components are supplied by us under various purchase orders issued by the customers from time to time, under the terms of the master purchase or supply agreement. For more details, see "*Our Business – Customer Agreements*" on page 300. As such, we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book. In addition, when we sell products, it is possible that our customers may default and fail to pay amounts due. As at June 30, 2024, our Order Book stood strong at ₹ 16,871.04 million.

The table below sets forth details of our Order Book as at the dates indicated.

Particulars	**As at June 30, 2024**		**As at March 31, 2024**		**As at March 31, 2023**		**As at March 31, 2022**	
	₹ in million	**% of Order Book**	**₹ in million**	**% of Order Book**	**₹ in million**	**% of Order Book**	**₹ in million**	**% of Order Book**
Automotive Sector								
Auto–- ICE								
Two-wheelers	2,537.70	15.06%	2,167.61	13.61%	1,681.33	12.66%	2,302.98	15.31%
Of which:								
Scooters	448.89	2.66%	448.89	2.82%	0.25	0.00%	225.54	1.50%
Motorcycles	2,062.82	12.39%	1,718.72	10.79%	1,681.08	12.66%	2,077.44	13.81%
Three-wheelers	-	-	-	-	-	-	32.20	0.21%
Passenger vehicles	4,516.72	26.80%	4,200.81	26.37%	2,604.41	19.61%	5,991.26	39.83%
Commercial vehicles	1,708.34	10.13%	1,647.29	10.34%	1,190.21	8.96%	1,030.28	6.85%
Sub Total (Auto–- ICE) [A]	8,4762.76	51.99%	8,015.70	50.32%	5,475.95	41.24%	9,356.72	62.21%
Auto–- Tech Agnostic and xEV								
Auto–- Tech Agnostic and xEV [B]	4,417.13	26.21%	4,417.13	27.73%	4,320.49	32.54%	3,271.56	21.75%
Sub Total (automotive sector) [C = A+B]	13,179.90	78.20%	12,432.84	78.05%	9,796.44	73.78%	12,628.28	83.96%
Non-Automotive Sector								
Non-Automotive sector [D]	3,675.27	21.78%	3,495.53	21.95%	3,482.08	26.22%	2,412.05	16.04%
Order Book [E = C + D][(1)]	16,885.16	100.00%	15,928.37	100.00%	13,278.53	100.00%	15,040.33	100.00%

Note:

(2) We refer to as our "Order Book" as our peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. However, our Order Book does not represent firm orders. As such, we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book. In addition, when we sell products, it is possible that our customers may default and fail to pay amounts due.

As a result of our strong Order Book, particularly with respect to orders in the Auto – Tech Agnostic and xEV as well as non-automotive sectors, we have visibility on our potential revenue growth in these sectors.

Advanced capabilities in design and engineering, machine building and automation resulting in continuous new product development and improved productivity, with fungibility of equipment, machinery and production lines across product families and sectors

We are engineering-led in our capabilities, with integrated operations across the product manufacturing cycle. We have 17 integrated manufacturing units and a team of more than 500 personnel working on design, engineering, machine building, automation and technical support functions as at August 31, 2024. This allows us to improve precision, efficiency and quality, reducing costs and lead times and strengthening our competitive edge. We also have a dedicated facility for hybrid and electric components for mass production. With such strong execution capabilities, we catered to 88 automotive sector and non-automotive sector customers across 26 countries in Fiscal 2024.

We optimize our processes and materials through in-house simulation and testing. The constant improvement of our capabilities allows us to adapt to trends, as we are able to manufacture and supply new products. For instance, we began manufacturing of lightweight aluminium forged and machined components for electric vehicles in Fiscal 2022, during the initial rise in popularity of electric vehicles. We have a strong presence in precision forged and machined components, particularly in hot forging, a growing segment (*source: the CRISIL Report*).

Design and engineering capabilities: Our design and engineering capabilities comprise product, process, machine, fixture and cutting tool design as well as advanced engineering capabilities, which have enabled us to support our customers through concurrent development of critical products and further strengthened our relationships. Examples include (i) high performance diamond-like carbon coated rocker arms for a reputed two-wheeler OEMs in the United States and Europe and for a leading European sports car OEM; (ii) precise and complex profile connecting rods for multiple global passenger vehicle OEMs; (iii) braking system parts with critical profile resulting in import substitution for a leading Indian passenger vehicle OEM and (iv) high precision and complex aluminium forged parts for chassis, steering and suspension for premium segment two wheelers.

Our engineering capabilities also enable us to design new products from statements of requirements, validate our designs through software using FEA (finite element analysis), develop prototypes and perform relevant testing to confirm design robustness, all of which increase opportunities for us to secure higher value-added business with our customers and enables us to deepen our customer relationships through cost optimisation and reductions in development and testing time. Specific examples of proto parts development include: (i) medical implants for a leading U.S. customer; (ii) clutch assembly component for a leading global battery electric vehicle ("**BEV**") OEM; (iii) machined engine casings for aircraft engines; (iv) high precision aluminium parts for premium electric light vehicles; and (v) new generation hybrid transaxle parts.

Machine building capabilities: We possess integrated machine building capabilities with special purpose machines being manufactured in-house. Our CNC special purpose machines are built in a separate dedicated facility, which employed 53 personnel as at August 31, 2024. We manufacture advanced CNC special purpose machines, including automated cells, four station special purpose machines, vertical honing machines, double disc grinding machines, internal grinding machines, laser cracking machines, trumpet-form hole machines, balancing machines and laser structuring machines, which are deployed across our integrated manufacturing facilities. The machines needed to manufacture several of the precision components in our product categories are expensive and generally imported in India (*source: the CRISIL Report*). Hence, companies that have the ability to manufacture these machines in-house have an edge over their peers by deriving competitive benefits from such integrated machine building capabilities (*source: the CRISIL Report*). Our integrated machine building capabilities enable capital and operating efficiencies and help us to respond quickly to our customers' changing product specifications.

Automation capabilities: Our automation capabilities enable us to combine operations and eliminate multiple operators in the production process in order to increase productivity, while controlling costs and maintaining consistent product quality. Our Company's automation division included a team of 56 personnel as at August 31, 2024 who work concurrently with machine and fixture design to implement automation projects intended to increase our productivity and control labour costs. Key automation projects already implemented in-house include fracture and bolt assembly cells, inspection cells, pick and place systems, material handling gantries, machine tending robots and assembly automation. We have also implemented automated a fracturing and assembly cell at our Swedish facility conforming with the CE (Conformite Europeenne) Mark, as a testament to our machine designing and building capabilities.

Fungibility of production lines: Our production line configurations are flexible, allowing us to interchange capacity and product mix between all our product categories within and across automotive and non-automotive sectors based on customer and operational requirements from time to time, enabling us to offer a diverse range of products and services to our customers. This optimises our machine productivity and operational efficiency and de-risks our business model.

Sound financial performance, delivering strong shareholder returns

As shown in the tables below, we have seen sound growth in revenue, while maintaining healthy margin profiles and increasing our profits for the period/year.

Particulars	Three months ended June 30, 2024 (₹ in million, except percentages)	Three months ended June 30, 2023 (₹ in million, except percentages)	Percentage increase / increase/(decrease) in percentage (as applicable) (%)
Revenue from operations	7,439.33	6,600.66	12.71%
EBITDA(1)	1,275.28	1,143.53	11.52%
EBITDA Margin(2) (%)	17.14%	17.32%	(1.05)%
Profit for the period/year ("**PAT**")	501.43	451.70	11.01%
PAT Margin(3) (%)	6.74%	6.84%	(1.51)%

Particulars	Fiscal 2024 (₹ in million, except percentages)	Fiscal 2023 (₹ in million, except percentages)	Fiscal 2022 (₹ in million, except percentages)	CAGR / increase /(decrease) in percentage between Fiscal 2022 and Fiscal 2024 (as applicable) (%)
Revenue from operations	28,114.32	23,460.44	19,890.32	40.75%
EBITDA(1) (*)	4,798.51	3,847.53	3,335.91	40.27%
EBITDA Margin(2) (*) (%)	17.07%	16.40%	16.77%	(0.34)%
Profit for the period/year ("**PAT**")	1,875.49	1,483.42	1,318.89	42.20%
PAT Margin(3) (*) (%)	6.67%	6.32%	6.63%	1.04%

Notes:

(1) EBITDA is calculated as the sum of (i) profit for the period/year, (ii) total tax expenses, (iii) depreciation and amortisation expense and (iv) finance costs less (i) other income and (ii) share of net profit of associates.

(2) EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(3) PAT Margin is calculated as profit for the period/year divided by revenue from operations.

(*) Non-GAAP Financial Measure. For a reconciliation of this Non-GAAP Financial Measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliations of Non-GAAP Financial Measures" on page 126.

As shown in the tables below, we have also improved our capital efficiency (Adjusted RoCE) without increasing our leverage (Adjusted Net Debt to Equity Ratio).

Particulars	As at June 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Adjusted Net Debt to Equity Ratio(1)(*) (ratio)	0.54	0.54	0.55	0.57
Adjusted RoCE(2)(*) (%)	4.09%(3)	16.92%	15.29%	15.28%

Notes:

(1) Adjusted Net Debt to Equity Ratio is calculated as Adjusted Net Debt divided by total equity. Adjusted Net Debt is calculated as the sum of (i) non-current borrowings and (ii) current borrowings less (i) cash and cash equivalents and (ii) bank balances other than cash and cash equivalents.

(2) Adjusted RoCE (Return on Capital Employed) is calculated as EBIT divided by Average Capital Employed. Average Capital Employed is calculated as (the sum of the opening balance of total equity plus Adjusted Net Debt and the closing balance of total equity plus Adjusted Net Debt) divided by two.

(3) Non-annualised.

(*) Non-GAAP Financial Measure. For a reconciliation of this Non-GAAP Financial Measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliations of Non-GAAP Financial Measures" on page 126.

As shown in the chart below, we have delivered strong Shareholder returns in the form of increases in the market price of the Equity Shares.

Note: CMP: closing market price on the BSE.

Skilled and experienced Board of Directors and management team, with an employee culture that emphasises teamwork and collaboration across functions

Our Promoter, Chairman and Managing Director, Subramonia Sekhar Vasan, founded our Company in 1981 and continues to provide guidance on machine and automation design, metallurgical advancement and engineering, apart from overseeing overall performance of our Company. Our Promoter and Joint Managing Director, Fatheraj Singhvi, joined us on a full-time basis in 2006 and provides guidance on our strategy, customer relationships, finance, human resource development and CSR activities, apart from overseeing the general performance of our Company.

We are an employee-driven, professionally-run, organisation. Our Promoter, Chairman and Managing Director, Subramonia Sekhar Vasan, and our Promoter and Joint Managing Director, Fatheraj Singhvi are members of our Key Management Personnel. However, all other Key Management Personnel and all Senior Management Personnel are not related to the Promoters or the Promoter Group.

We believe our highly experienced and professional management team provides us with a key competitive advantage. Our Key Management Personnel and Senior Management Personnel have extensive experience in the precision components manufacturing industry, including in operations, business development, quality assurance, customer relationships and human resources, In addition, they have diversified expertise and global exposure, and therefore are equipped with long-standing entrepreneurial and leadership skills, as well as strategic thinking, planning and management skills. Bindiganavile Raghunath Preetham, the Whole-time Director and Group CEO of our Company, has been associated with our Company for more than 32 years and is responsible for overseeing all areas of Company's business including developing and maintaining relationships with our companies and suppliers. Vikas Goel, Chief Financial Officer of our Company, has been associated with our Company since July, 2019 and is responsible for supervising the affairs of the finance department of our Company. Praveen Chauhan, head of corporate strategy, has been with our Company for more than 20 years and was responsible for our day-to-day operations before taking up role of corporate strategy in June 2024. Our other Senior Management Personnel consists of Rahul Kale, chief operating officer. Satish Kumar, chief engineering and technical services officer, Madhukar Bhat, the chief human resource officer. S B Rakesh, business head – aerospace and defence. P R Suresh, chief risk officer and head – system and training. Pattabhiraman Raghuram, chief strategic sourcing and supply chain management officer, Sanjeev Sharma, chief sales and marketing officer, and Anil Patil, chief quality officer. For more details, see "*Board of Directors and Senior Management*" on page 310.

Three members of out of our five Key Management Personnel and five members of out of our 10 Senior Management Personnel have been with our Company for more than 10 years. This results in effective operational coordination and continuity of business strategies.

Our Key Management Personnel and Senior Management Personnel have ownership stakes in our Company through ESOP schemes, with a view to align their interests with our performance. We also have incentive schemes for employees at various levels, as well as in-house talent development programmes and career progression pathways.

We take pride in our employee culture that emphasises teamwork and collaboration across functions, which helps ensure that our employees are able to suggest and implement ideas, regardless of their roles.

We are further supported by an experienced Board of Directors. We also have oversight from the Independent Directors on our Board, comprising Muthuswami Lakshminarayan, an auto industry veteran with approximately 31 years of experience, of which over 21 years were at Bosch India Limited, Revathy Ashok, who previously worked at Tishman Speyer India Private Limited, Syntel Inc. and is a board member of various listed companies, and Samir Purushottam Inamdar, who has held leadership roles at GE Consumer and Industrial, South Asia, Tyco Electronics South Asia, Maruti Suzuki.

Our Strategies

Fuelling growth through capital investments

We plan to capitalize on opportunities across various sectors in the engineering industry by continuing to invest in innovation, expanding our facilities and increasing automation at our integrated manufacturing facilities.

The tables below sets forth our capital expenditure for the period and fiscal years indicated categorised into expenditure on (i) new plant and equipment, to strengthen our core manufacturing capabilities, (ii) facility expansion, to support our growing production needs, and (iii) upgrading of IT infrastructure, maintenance, and other general expenditure, to ensure smooth operations across all aspects of our business.

Capital Expenditure	**Three months ended June 30, 2024**	
	₹ in million	**% of total capital expenditure**
New plant and equipment	729.89	77.12%
Facility expansion	193.84	20.48%
Upgrading of IT infrastructure, maintenance, and other general expenditure	22.75	2.40%
Total capital expenditure	**946.48**	**100.00%**

Capital Expenditure	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	₹ in million	**% of total capital expenditure**	**₹ in million**	**% of total capital expenditure**	**₹ in million**	**% of total capital expenditure**
New plant and equipment	2,592.91	77.34%	1,933.83	67.13%	1,921.44	88.80%
Facility expansion	632.64	18.87%	840.97	29.20%	159.2	7.36%
Upgrading of IT infrastructure, maintenance, and other general expenditure	127.24	3.80%	105.72	3.67%	83.07	3.84%
Total capital expenditure	**3,352.79**	**100.00%**	**2,880.52**	**100.00%**	**2,163.71**	**100.00%**

We commissioned a 2,500 tonne press in November 2023 and a 1,600 tonne press in August 2024, and we have scheduled the commissioning of a new 4,000 tonne press and a new 1,350 tonne press in the third quarter of Fiscal 2025.

We plan to expand our manufacturing capacity to capture more opportunities across sectors. On July 31, 2024, we entered into a memorandum of understanding with the government of Karnataka to establish a manufacturing unit for the production of precision machined components and enhance our exports of such components. Under this memorandum of understanding, we plan to invest around ₹ 21,000 million over a period of three to five years towards expanding our manufacturing capacity over a 55-acre plot in Harohalli, Ramanagara, Karnataka, and the government of Karnataka has agreed to help us to obtain the necessary approvals to establish this new manufacturing facility. On September 27, 2024, the Karnataka Industrial Area Development Board allotted the 55 acres of land to us. We have already made a payment of ₹ 100 million, and the remaining balance of ₹ 160 million is due within 30 days from the date of the letter. Subject to Board approval and the availability of industrial infrastructure at the location, the construction of the building and the deployment of plant and machinery is expected to begin in Fiscal 2027. We plan to establish a training centre to enhance the skills of the local workforce, fostering talent development and employment opportunities. We plan to use advanced technologies and best practices at this new plant, thereby benefiting the local industrial ecosystem and promoting innovation. This new facility will enable us to increase our exports.

Leveraging opportunities in the promising EV & hybrid vehicle segments

We have a dedicated facility for hybrid and electric components in Plant 2, which was commissioned during Fiscal 2023. Our revenue from the sale of products for xEVs increased from ₹ 110.47 million in Fiscal 2022 to ₹ 1,243.15 million in Fiscal 2024, a CAGR of 235.46%, and increased from ₹ 326.34 million in the three months ended June 30, 2023 to ₹ 420.94 million in the three months ended June 30, 2024, an increase of 28.99%.

The share of electric vehicles in overall retails increased from 0.1% in fiscal 2019 to 2.3% in fiscal 2024. In India, electric vehicles are gaining popularity, as the government is extending support via Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME II), a policy that encourages the use of electric vehicles and reduce the use of fossil fuel-powered vehicles and tax rate cuts to encourage electric vehicle adoption. According to recent data, the global expenditure on electric vehicles witnessed a substantial increase of 50% in 2022 compared to the previous year, totaling approximately USD 425 billion, due to various governments worldwide implementing pragmatic policies to expand electric vehicle shares. (*source: the CRISIL Report*).

We plan to further increase our revenue from sale of products from xEVs and Auto - Tech-Agnostic components by investing in the development of more lightweight aluminium components, which are used across Auto-ICE vehicles and xEVs,. We think that these investments will increase our revenue per vehicle by increasing the number of components we can supply per vehicle.

We also plan to explore inorganic growth opportunities in the components for the xEV segment.

Amplifying efficiency through digitalization and innovation

We plan to continue to leverage automation, data analytics and interconnected systems to enhance production precision, reduce downtime and optimize resource utilization. We have introduced Industry 4.0, also referred to as the Fourth Industrial Revolution or 4IR, which represents the next evolution in the digital transformation of manufacturing, driven by emerging trends like increased data exchange, enhanced connectivity, smarter analytics, and improved human-machine collaboration. ("**Industry 4.0**") (*source: the CRISIL Report*), to our infrastructure to drive smart integration. This has enabled us to do the following:

- Real-time shop floor visualization, which enhances our operational transparency and enables faster decision making;
- Multi-plant remote monitoring via a cloud network, through which we have seamless oversight and coordination across facilities;
- Machine data application, which can automate data collection and apply such data thereby increase precision and efficiency in the manufacturing process;
- Shop floor and top floor integration, which ensures agile decision-making and responsiveness to market dynamics;
- Receive proactive maintenance alerts;
- Streamline corrective actions; and
- Receive comprehensive performance analysis.

As Industry 4.0 has proven advantageous to our manufacturing processes, we intend to continue expanding our machine data acquisition and analytics capabilities, starting with the continued development of cloud-based remote monitoring to enable better coordination across facilities, and intensifying our efforts to integrate artificial intelligence-driven predictive maintenance for optimal resource use.

Bolstering prospects with strategic investments

In Fiscal 2024, our Company invested ₹ 200 million for the acquisition of a 21% stake in MMRFIC Technology Pvt Ltd. Our agreement with MMRFIC Technology Pvt Ltd gives us the right to acquire up to an additional 30% stake in MMRFIC Technology Pvt Ltd, bringing our stake up to 51%, at a predefined valuation formula. On August 20, 2024, the Board approved an additional investment of ₹ 200.00 million in MMRFIC Technology Pvt Ltd, in the form of convertible preference shares in one or more tranches. Pursuant to the same, we made an investment of ₹ 50.00 million in MMRFIC Technology Pvt Ltd. The equity percentage will be decided on conversion of the convertible preference shares based on the Company's EBIDTA for FY2025. Through these investments, we have established a relationship that will enable us to synergize technologies with MMRFIC Technology Pvt Ltd and create new opportunities with new technological advancements. Our initial investment helped MMRFIC Technology Pvt Ltd to expand its facilities and production capabilities, with a new 14,000 sq. ft. facility with an advanced clean room, automated assembly capabilities, and modern equipment, which can produce miniaturized systems and components. We intend to use this partnership to leverage radar technology for the automotive and defence sectors, such as for passenger safety and driving assistance in the automotive sector, and defence surveillance, imaging and target tracking in the defence sector.

Future-proofing our business with strategic diversification

In order to future-proof our business, we plan to continue to diversify strategically in three ways: (i) market diversification; (ii) business segment diversification; and (iii) customer diversification.

Market diversification enables us to meet international demand for diverse product offerings. Due to our strategic diversification efforts in Auto - Tech Agnostic and xEV and the non-automotive sector, our revenue from customers in foreign countries increased from ₹ 6,875.08 million for Fiscal 2022 to ₹ 8,262.16 million for Fiscal 2024, a CAGR of 9.62%, and from ₹ 1,949.36 million for the three months ended June 30, 2023 to ₹ 2,271.79 million for the three months ended June 30, 2024, an increase of 16.54%. For the three months ended June 30, 2024 and 2024 and Fiscals 2024, 2023 and 2022, 32.44%, 31.61%, 31.34%, 28.41% and 37.05% of our revenue from sale of products were derived from revenue from customers in foreign countries. For information on our revenue from customers in foreign countries, see "*Our Business – Overview*" on page 263.

Our business segment diversification efforts have been characterized by rapidly growing into emerging business areas, which is evidenced by a shift in revenue sources. Our revenue from sale of products for Auto Tech-Agnostic and xEV increased from ₹ 1,124.69 million in Fiscal 2022 to ₹ 3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹ 750.33 million in the three months ended June 30, 2023 to ₹ 1,132.57 million in the three months ended June 30, 2024, an increase of 50.94%, and our revenue from sale of products for the non-automotive sector increased from ₹ 1,958.34 million in Fiscal 2022 to ₹ 3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹ 721.36 million in the three months ended June 30, 2023 to ₹ 838.88 million in the three months ended June 30, 2024, an increase of 16.29%. Our revenue from sale of products in the Auto - Tech Agnostic and xEV segments and the non-automotive sector (combined) has increased from 16.60% of our revenue from sale of products in Fiscal 2022 to 24.57% in Fiscal 2024 and further increased to 28.15% in the three months ended June 30, 2024. In the long-term, we aim to achieve a more balanced revenue mix between Auto - ICE and the other segments/sector and to have more than 40% of our revenue from sale of products from the Auto Tech Agnostic and xEV segments and the non-automotive sector combined.

We have achieved a successful reduction in the dependence on our top five and top 10 customers by putting customer diversification strategies in place, to broaden our customer base and mitigate risks of over-dependency on certain customers to ensure long-term stability and we plan to continue to add new customers. The table below sets forth number of our customers as at the dates indicated.

Particulars	Three months ended June 30	
	2024	2023
Number of customers	77	73

Note: *Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022.*

Particulars	Year ended March 31,		
	2024	2023	2022
Number of customers	88	89	79

For the three months ended June 30, 2024 and 2023, our top five customers contributed 46.06%, and 47.66%, of our revenue from sale of products, respectively, and our top 10 customers contributed 65.62% and 68.93% of our revenue from sale of products, respectively, For Fiscals 2024, 2023 and 2022, our top five customers contributed 47.26%, 50.79% and 53.87% of our revenue from sale of products, respectively, and our top 10 customers contributed 67.91%, 70.99% and 71.72% of our revenue from sale of products, respectively. For more details, see "*Risk Factors – Our business is dependent on the sale of our products to certain key customers. The loss of any of these customers or loss of revenue from sales to these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 56.

Going forward, we intend to continue our strategic diversification efforts by investment in research and development into market trends, and enter into strategic partnerships to allow us to enter into new territories, so that we can further increase our exports and revenue from sale of products in the Auto - Tech Agnostic and xEV segments and the non-automotive sector.

Pursue multiple growth levers

We intend to pursue multiple growth levers by (i) consolidating and strengthening our global market share in our existing Auto – ICE product portfolio, (ii) strengthening our xEV business, (iii) leveraging our existing capabilities in Auto Tech Agnostic products, especially aluminium forged components, and (iv) maintain our momentum to grow our non-auto sector business and increase our exports by diversifying further into non-automotive businesses and expanding our addressable market.

Our revenue sale of products for Auto – ICE increased from ₹ 15,474.82 million in Fiscal 2022 to ₹ 19,884.22 million in Fiscal 2024, a CAGR of 13.36%, and from ₹ 4,695.70 million in the three months ended June 30, 2023 to ₹ 5,032.44 million in the three months ended June 30, 2024, an increase of 7.17%. We have been gaining market share in connecting rods in terms of production volume (units) for (i) Light Vehicles with a global market share of 2.81% in CY 2023 compared to a global market share of 2.3% in CY 2020 and (ii) CVs with a global market share of 4.34% in CY 2023 compared to a global market share of 3.0% in CY 2020 (*source: the CRISIL Report*). We intend to focus on increasing our market share, both globally and in India, across our existing Auto - ICE product portfolio by gaining wallet share from existing customers and adding new customers, predominantly in light vehicles and commercial vehicles.

For details on our plans to strengthen our xEV business, see "*Our Business – Strategies – Leveraging opportunities in the promising EV & hybrid vehicle segments*" on page 278.

Our revenue sale of products for Auto – Tech Agnostic and xEV increased from ₹ 1,124.69 million in Fiscal 2022 to ₹ 3,237.52 million in Fiscal 2024, a CAGR of 69.66%, and from ₹ 423.99 million in the three months ended June 30, 2023 to ₹ 711.63 million in the three months ended June 30, 2024, an increase of 191.66%. We intend to increase our revenue from sale of products for Auto – Tech Agnostic by leveraging our existing capabilities in Auto Tech Agnostic products, especially aluminium forged components. In particular, we plan to leverage on the light weighting trend in the automotive sector across various vehicle segments, particularly in the premium segments of two wheelers and light vehicles.

Our revenue sale of products for the non-automotive sector increased from ₹ 1,958.34 million in Fiscal 2022 to ₹ 3,239.49 million in Fiscal 2024, a CAGR of 28.62%, and from ₹ 721.36 million in the three months ended June 30, 2023 to ₹ 838.88 million in the three months ended June 30, 2024, an increase of 16.29%. CRISIL MI&A forecasts the market for precision engineered components for non-automotive applications (including defence, engineering and capital goods, power, aircraft and other niche applications, such as tractors, construction equipment, railways, medical etc.) to grow at a CAGR of approximately 7-9% from Fiscal 2024 to Fiscal 2030 to reach ₹ 5,586 billion by Fiscal 2030 from ₹ 3,518 billion in Fiscal 2024 (source: the CRISIL Report). We currently manufacture components for the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines. In February 2023, we secured business for larger connecting rods for use in stationary engines from a North America based OEM. We plan to maintain our momentum to grow our non-automotive business and enhance our exports by developing and manufacturing additional precision components for other non-automotive applications where we can leverage our engineering capabilities.

Our Products

We manufacture and supply a range of precision forged and machined components with close tolerances (as low as three to 10 microns) across the automotive and non-automotive sectors. Within the automotive sector, we manufacture and supply a range of precision forged and machined components and assemblies for ICE (internal combustion engine) 2Ws, passenger vehicles and commercial vehicles (which we refer to as Auto – ICE) and electric/hybrid (which we refer to as xEV) 2Ws, passenger vehicles and commercial vehicles, including components that can be used in ICE vehicles and xEV (which we refer to as Auto – Tech Agnostic). We also manufacture and supply a range of precision components for the non-automotive sector, including the aerospace, defence, off-road vehicles, and agriculture segments and industrial and marine engines.

Most of the components that we supply are fully finished. For some of our customers, we may start supplying semi-finished products and eventually progress towards supplying products in fully finished form. For example, we supply fully finished crankshafts to India Yamaha Motor Pvt Ltd, having graduated from supplying crankshafts in semi-finished condition. Similarly for a leading Japanese OEM, we started supplying multiple components in semi-finished form and now also supply many components in fully finished form. We also currently supply split and integral crankshafts to some of the leading 2W OEMs in semi-finished form. Our strategy is to graduate to supplying to fully-finished products, thereby enhancing our value addition.

In order to increase our share of business with customers, we typically enter into a new customer relationship with one or a few product families, seeking to demonstrate the quality and cost efficiency of our products before seeking to strengthen our relationship by expanding into other product lines, which results in overall business growth. For example, we supplied three product families to Royal Enfield in Fiscal 2014 and in Fiscal 2024 we supplied them nine product families. Similarly, we supplied two product families to TVS Motor Company in Fiscal 2019 and in Fiscal 2024 we supplied them 11 product families.

The key product families that we manufacture for various verticals in the automotive and non-automotive sectors are as follows:

Sector/Segment/Vertical	**Product families supplied**
Automotive	
Auto - ICE	
Two-wheelers	Connecting rod, rocker arm, gear shifter fork, crankshaft assembly, stem comp, integral crankshaft, aluminium forged components
Passenger vehicles	Connecting rod, rocker arm, sprocket, gear shifter forks, yoke universal joint, rocker shaft, hub front axle, end rear axle
Commercial vehicles	Connecting rod, cabin tilt systems, integral crankshaft, bracket, pump barrel
Auto - Tech Agnostic	
2Ws / e-2Ws	Chassis parts, stem comp steering, aluminium forged parts
PVs / hybrid vehicles/ battery-EVs	Steering parts, suspension parts
Commercial vehicles	Chassis components, integral crankshaft, braking system component
xEV	
Two-wheelers	Drive train parts
Passenger vehicles	Drive train parts, balance rings
Commercial vehicles	Clutch collar, transmission parts
Non-Automotive	
Aerospace and defence	Multiple products for various subsystems, such as aerostructure, actuation, equipment housing, cargo, seating and lighting
Off-road vehicles	Crankshaft assembly, balancer shaft, connecting rod, gear shifter fork
Agriculture	Cam shaft, connecting rod, pump barrel, lever, link
Industrial and marine engines.	Connecting rod, pump barrel, integral crankshaft

The tables below sets forth the number of our product families sold in the periods and fiscal years indicated.

Particulars	**Three months ended June 30**	
	2024	**2023**
Number of product families	78	79

Note: Number of product families sold for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of product families sold for Fiscals 2024, 2023 and 2022.

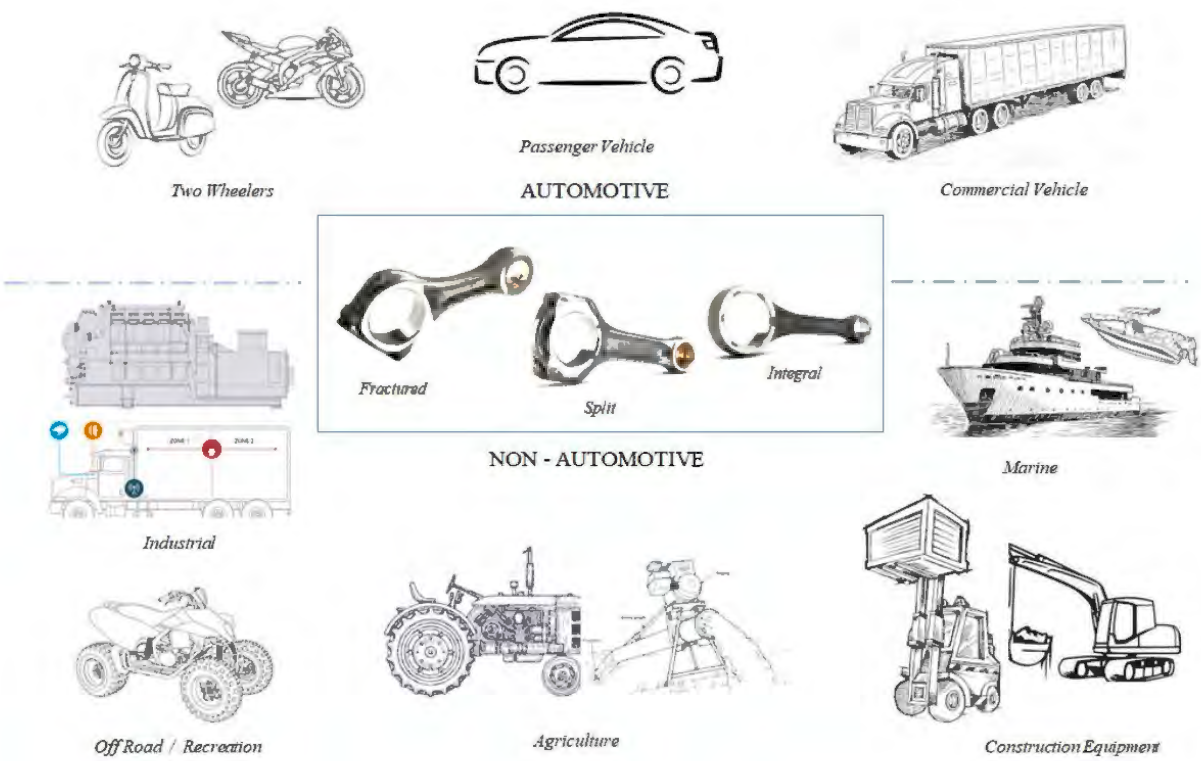
Particulars	**Year ended March 31,**		
	2024	**2023**	**2022**
Number of product families	84	78	70

Details of the key product families that we manufacture for our customers are as follows:

Products Common for Automotive and Non-Automotive Sectors

Connecting Rod: A connecting rod is a critical component and converts the reciprocating motion of a piston into the rotary motion of a crankshaft and vice versa. Since the connecting rod is a moving part in an engine and is subject to wear and tear, the tensile strength of the connecting rod is a key parameter for consideration in the designing process. (*Source: the CRISIL Report*).

Connecting rods may be integral, split or fractured-split and find usage in multiple automotive and non-automotive applications as depicted below (s*ource: the CRISIL Report*).



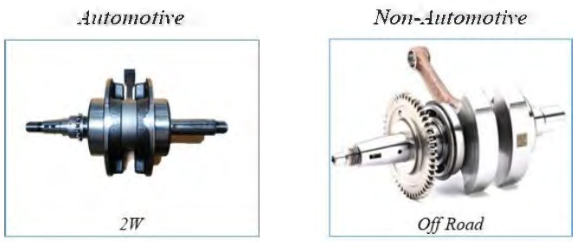
Integral connecting rods are used by two-wheelers and off-road vehicles, split connecting rods by two-wheelers, passenger vehicles and light commercial vehicles, and fractured-split connecting rods by two-wheelers, passenger vehicles, commercial vehicles and various non-automotive segments such as, off-road vehicles, tractors, construction equipment and various industrial applications. (*Source: the CRISIL Report*).

Rocker Arm: A rocker arm is an oscillating lever that conveys radial movement from the camshaft into linear movement at the intake or exhaust valves. The rotating camshaft pushes the rocker arm up and down, allowing the intake or exhaust valves to be opened and closed. A rocker arm is in continuous contact with the valve, which produces a lot of friction. Therefore, the raw material used is carefully selected such that the noise produced by the engine is reduced, the weight of the rocker arm is lower and the rocker arm has more strength for higher efficiency in operations. (*Source: the CRISIL Report*).

Rocker arms come in various configurations, such as chrome plated, sintered tip, roller type and diamond-like carbon coated. Diamond-like carbon rocker arms find applications in premium 2Ws and high-performance passenger vehicles. (*Source: the CRISIL Report*).

Crankshaft: The crankshaft is a critical part in an engine's assembly that is connected to the piston on one side and the flywheel on the other. A crankshaft converts reciprocating motion of the pistons into rotational motion for the flywheel, which is in turn connected to the axles to put the vehicle in motion. (*Source: the CRISIL Report*).

Crankshafts are available in two configurations, namely integral (single piece) and built-up. Built-up crankshafts are primarily used in single cylinder engines of two-wheelers with less than 300 cc capacity and off-road vehicles. (*Source: the CRISIL Report*).



Integral Crankshaft: As there are limitations on the ability of built-up crankshafts to bear the force exerted by pistons (during a power stroke), integral (single piece) crankshafts are preferred for higher cc engines, such as premium motorcycles and passenger vehicles on account of their ability to reduce vibrations and control balancing. In the case of integral crankshafts, the crank pin is integral to the rest of the crankshaft, rather than being press fitted as in the case of built-up crankshafts. As this design renders the manufacturing process from forging to machining more complicated, a higher tonnage capacity of forging presses as well as special and more costly machines for various machining operations are required. Integral crankshafts also find application in braking systems of CVs as well as in industrial engines. (*Source: the CRISIL Report*).

Gear Shifter Fork: A gear shifter fork is used to slide gears into or out of engagement with other gears to change the gear ratio in a manual transmission. (*Source: the CRISIL Report*).

We supply induction hardened, chrome-plated and diamond-like carbon-coated gear shifter forks for automotive and non-automotive segments.

Automotive Products

Stem Comp: Stem comp is the intermediate part of the front-fork assembly in a two-wheeler, and it connects with the handlebar at the top of the assembly and mates with suspension guides in the lower part of the assembly.

Stem Comp Steering

Aluminium forged components: Lightweighting is a crucial aspect for the transport sector in improving vehicle performance, energy efficiency and emissions, and making safer vehicles. Replacing cast iron and traditional steel components with lightweight materials can directly reduce the weight of a vehicle's body and chassis and therefore reduce a vehicle's fuel consumption increasing efficiency. Aluminium and high strength steel (HSS) are the most used metals by automakers for lightweighting while improving performance standards, safety, and corrosion. (*source: the CRISIL Report*).

Automotive

Foot Rest *Foot Pedal*

Non-Automotive

Bracket Engine Front

Components for Electric Two-wheelers

<u>Drive Train Components</u>

An axle is used as a mounting point to integrate the wheel with the steering assembly on the front side of a two-wheeler. On the rear side, the axle is used to integrate the wheel with the prime mover or hub of the vehicle. Axles are used in motorcycles, scooters and mopeds. Each two-wheeler (including electric two-wheelers) comes with a pair of axles – a front axle and rear axle. (*Source: the CRISIL Report*).

Drive Train Components

<u>Suspension Components</u>

Torque links are components used to link the fork assembly and suspension to the wheel on the front side of scooters. Torque links play a critical role in improving ride quality of the scooter by absorbing the jerks / load on the front wheel and minimising the load on the front shock absorber. Usage of torque links depends on the design of the scooter and a few upcoming models have been designed to have a pair of torque links comprising upper and lower torque links. (*Source: the CRISIL Report*).

Components for Hybrid EVs / BEVs

<u>Drive Train Components</u>

Motor generator shaft can potentially be used in several hybrid / BEV architectures, including those in which separate transmission has not been provided for motor (*source: the CRISIL Report*). The rest of the parts (i.e., pinion differential drive and gear counter drive) can find usage in hybrid architectures that feature modified / specific transmission for motors (*source: the CRISIL Report*). We commenced commercial supplies of these components during Fiscal 2023.

Pinion Differential Drive - Low | Pinion Differential Drive - Super Low | Motor Generator Shaft | Motor Rotor Generator Shaft | Gear Motor Counter Drive | Gear Motor Counter Driven

Drive train parts (HEV / BEV)

Components for Passenger Vehicles

Steering System Components

Input shafts are part of the steering assembly of a vehicle and are required for hydraulic assist steering. This is a common feature in vehicles above the compact SUV segment. We started supplying these components in Fiscal 2022.

Steering System Components

Braking System Components

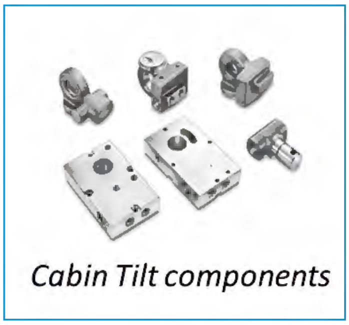
A ring retainer is a braking system component in passenger vehicles (*source: the CRISIL Report*). We started supplies of ring retainers in Fiscal 2023.

Ring Retainer

Components for HCVs

Chassis (Cabin Tilt System) Components

Cabin tilt systems are part of the chassis of HCVs and are used to tilt the driver's cabin and enable easy access of under-cabin parts (*source: the CRISIL Report*). We have developed multiple components for cabin tilt systems for a global supplier of these systems and supplies commenced in Fiscal 2021.

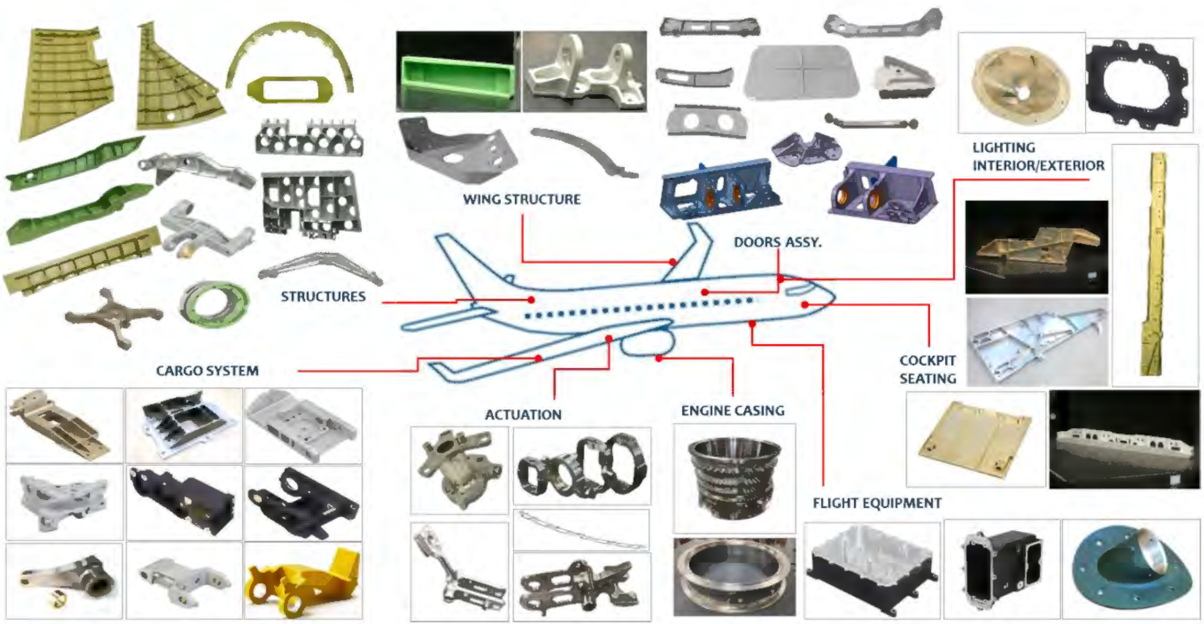


Braking System Components

A guide bush is a braking system component used in disc brake assembly of MHCVs (*source: the CRISIL Report*). We have received a letter of intent from a leading global supplier of braking systems in Fiscal 2021 for the supply of guide bushes and we commenced supplies in Fiscal 2022.

Non-Automotive Components

Components for Aerospace: We supply multiple components within various sub systems of an aircraft, such as machined engine casing, aerostructure, actuation, equipment housing, cargo, seating and lighting.



Components for Off-road Vehicle Segment

Our key product families for the automotive segment, such as crankshaft assembly, balancer shaft, connecting rod and gear shifter fork, are also supplied for use in off-road recreational vehicles, such as ATVs.

Suspension Parts

Taper housing and bearing housing are part of the suspension system for ATVs and connect the suspension with the wheel (*source: the CRISIL Report*). We started supplies of taper housing and bearing housing in Fiscal 2022.

Components for the Agriculture Segment

We supply multiple types of cam shaft forgings to a leading Indian diesel fuel injection system supplier for applications in segments such as agriculture and marine. We also supply pump barrels. Pump barrels are a common feature in all diesel fuel pumps and find application in the agriculture and construction equipment segments.

Common Rail

Common rail is an integral part of common rail direct injection systems for diesel engines. We started supplies of common rail in Fiscal 2022.

Installed Capacity and Capacity Utilisation by Product Family

The tables below set forth the installed capacity and capacity utilisation of our product families.

Products	**Installed Capacity and Capacity Utilisation**			
	Three months ended June 30, 2024		**Three months ended June 30 2023**	
	Installed capacity[(1)] in units	**Capacity Utilisation[(2)] (%)**	**Installed capacity[(1)] in units**	**Capacity Utilisation[(2)] (%)**
Connecting rods	38,985,642	69%	39,1,22,542	66%
Rocker arms	47,356,836	66%	48,198,336	55%
Crankshafts	5,832,900	85%	6,048,900	86%
Gear shifter forks	26,158,500	66%	25,347,600	58%
Stem comp	1,535,400	98%	1,535,400	65%
Integral crankshaft	529,395	65%	518,895	33%
Aerospace products	N.A.	N.A.	N.A.	N.A.
Others[(3)]	N.A.	N.A.	N.A.	N.A.

Products	Installed Capacity and Capacity Utilisation					
	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Installed capacity[(1)] in units	Capacity Utilisation[(2)] (%)	Installed capacity[(1)] in units	Capacity Utilisation[(2)] (%)	Installed capacity[(1)] in units	Capacity Utilisation[(2)] (%)
Connecting rods	38,985,642	69%	3,91,22,542	63%	3,48,96,400	65%
Rocker arms	47,356,836	62%	4,81,98,336	57%	5,04,31,800	56%
Crankshafts	5,832,900	86%	60,48,900	89%	63,08,600	77%
Gear shifter forks	26,158,500	62%	2,53,47,600	53%	2,74,99,560	54%
Stem comp	1,535,400	76%	15,35,400	74%	17,04,000	49%
Integral crankshaft	529,395	48%	5,18,895	43%	3,39,300	34%
Connecting rods	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Others[(3)]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:

(1) Installed capacity varies with product mix based on cycle times.

(2) Capacity utilisation is computed as the volume of products sold in the period/Fiscal divided by the total installed capacity of products at the end of the previous period/Fiscal.

(3) Others comprise multiple product families and the capacity is fungible.

Order Book

We refer to as our "Order Book" our peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. However, our Order Book does not represent firm orders. For our domestic customers, we do not generally have firm commitment or long-term purchase agreements with most of our customers and instead rely on purchase orders issued by our customers from time to time. For our export customers, we enter into various purchase and supply agreements. The components are supplied by us under various purchase orders issued by the customers from time to time, under the terms of the master purchase or supply agreement. For more details, see "*Our Business – Customer Agreements*" on page 300. As such, we cannot predict with certainty if we will sell the projected volume of products in our Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book.

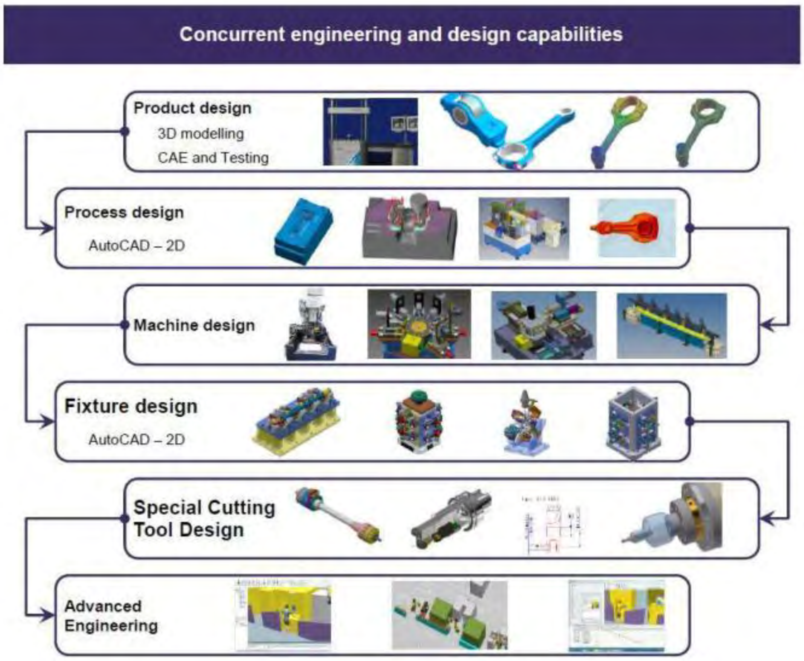
As at June 30, 2024, our Order Book stood strong at ₹ 16,871.04 million. For details of our Order Book as at June 30, 2024 and March 31, 2024, 2023 and 2022, see "*Our Business – Our Strengths – Sound and diversified Order Book*" on page 273.

Design and Engineering, Machine Building and Automation Capabilities

We are engineering-led in our capabilities, with integrated operations across the product cycle. As at August 31, 2024, we had a team of 557 personnel working in our design, engineering, machine building, automation and technical support divisions to cater to the different product requirements specified by our customers.

Design and Engineering Capabilities

We possess design and engineering capabilities from product conceptualisation to execution.



Product Design, Validation and Testing: Increasingly, requests for quotations for supply of new components include only a statement of requirements instead of technical specifications or drawings.

We use our computer aided design tools to convert statements of requirements into specifications and three-dimensional models. The forging designs are validated using metal flow simulation and stress analysis software, enabling design engineers to optimise the design and process parameters to ensure higher operational efficiency and productivity. The metal flow simulation process also optimises raw material usage. We also conduct finite element analysis to identify critical features of a product to eliminate potential design failure areas. If required, the designs then undergo fatigue testing to evaluate their sturdiness. These designs generated by us are then sent for customer approvals before initiating the prototype development process. We utilise specialised software to generate the tool path and virtual measurements of the component using integrated coordinate measuring machines.

We believe our participation in the design of components helps to solidify our position as the customer's preferred supplier and provides us a significant competitive advantage.

Process Design: Our process design follows a well-structured process comprising die and forging tool design, forging simulation and optimisation, tool path generation and die milling, forging and machining and related documentation. The process is designed to optimise performance while ensuring production of complex components to the required designs and specifications.

Machine Design: Our machine design capabilities have evolved from manual and low throughput machines to fully automated and high-capacity production lines. We have designed machines such as automated cells, four and eight station special purpose machines, double disc grinding machines, internal grinding machines and vertical honing machines. As an example, our eight station special purpose machines are suited for mass production of components which involve operations such as turning, boring, facing, drilling, reaming and taping.

Fixture Design: We design and manufacture jigs and fixtures, which are used in production, inspection and assembly. With processes and resources, such as parametric three-dimensional modelling, standard part libraries, mistake proofing, quick setup changes, multi-model adoption and integration with machining and automation design, we seek to prevent incorrect assemblies, detect errors at various stages of the production process, improve equipment uptime and reduce maintenance costs. Using a modular configuration solution we are able to automate variations to our designs and configure our products more easily with new assembly functions, resulting in quicker design time.

Cutting Tool Design: We design and develop cutting tools and holders for optimisation of process and cost per component. These tools are then integrated with machines and fixtures and can be standardised across product families.

Advanced Engineering: Our advanced engineering capabilities include ergonomic analysis, robotics and automation design to reduce air-cutting time as well as for product validation checks. With advanced engineering capabilities, we are able to improve the throughput of the production line and determine the size of buffers and the number of machines the intended throughput requires. We are also able to investigate how failures affect the throughput and the utilisation of the machines.

Robot simulation and machine kinematics simulation optimise cycle times through time-based simulations. This allows us to plan our personnel needs more efficiently, manage the cost of investment in production lines and optimise the performance of existing production systems.

Machine Building Capabilities

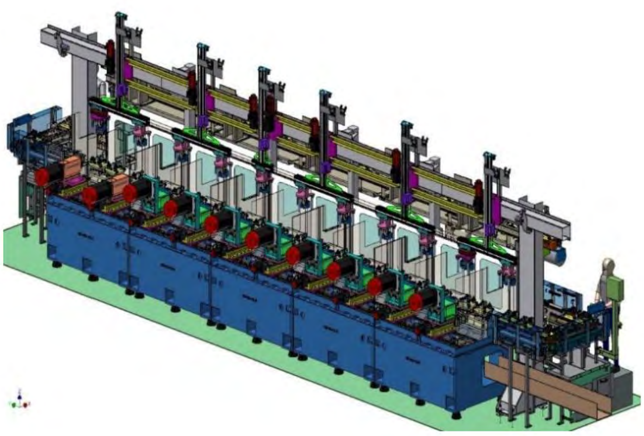
We possess machine building capabilities with special purpose machines being manufactured in-house. Our Company has a dedicated facility in Bengaluru for machine building and machine design with 53 personnel employed as at August 31, 2024.

Special purpose machines are customised machines deployed to automate industrial processes to ensure high productivity. Designed to operate for 24 hours a day with minimum supervision, special purpose machines are mostly product-specific and need to be designed and developed as per individual requirements. The capability to produce special purpose machines requires high-level design expertise, industry knowledge and technical know-how. While competition is high in the manufacture of less complex special purpose machines, machines requiring high precision and design standards are produced by relatively few manufacturers in India (*source: the CRISIL Report*).

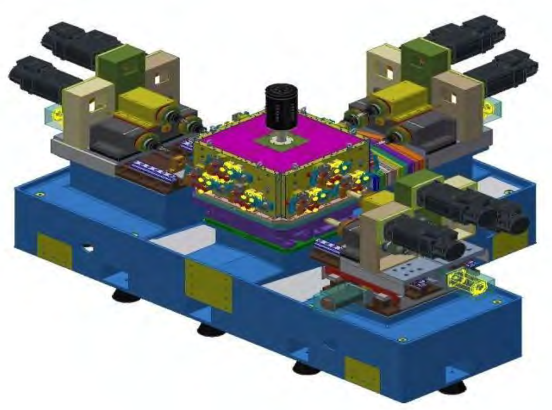
Our CNC special purpose machines are designed and developed in-house, including electrical components assembly, spindle assembly, laser calibration, and integration with automation, trials and prove-outs, save for standard parts, such as controllers, ball screws, castings and machine covers. This provides us with quality, operating efficiency and cost advantages, and also enables us to respond quickly to any change in specifications by our customers, thereby ensuring a shorter supply time. CNC special purpose machines that we have built are deployed across our 17 integrated manufacturing facilities..

Details of our specific complex special purpose machines are as follows:

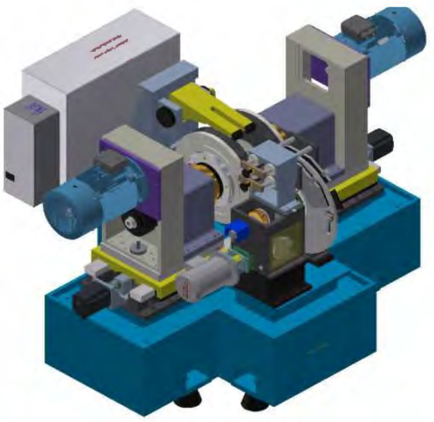
Automated Cells: We have designed and built several automated cells, some of which consist of 10 special purpose machines performing 10 different operations, and are being utilised towards bolt hole machining operations for connecting rods. An over-head gantry is used for transferring pallets between each station. Salient features include industry 4.0 capabilities wherein machines are connected on the network from which they can be accessed remotely for data acquisition and maintenance, and with a requirement of only two operators for the entire automated cell of 10 special purpose machines. We have extended the same concept towards our suspension component production lines, thus establishing fungibility of capex over multiple product segments.



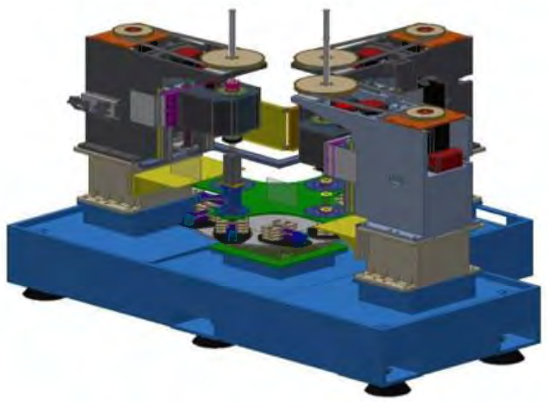
Four-Station Special Purpose Machines: Our four-station special purpose machines result in high part quality as all pre-machining operations (such as pin hole drilling and pre-finish boring of pin hole for bush fitting and crankpin pre-boring) are combined in single special purpose machines and single clamping.



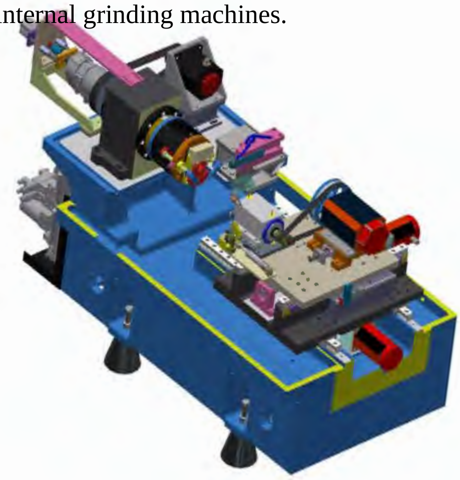
Double Disc Grinding Machines: Salient features of these machines include high speed and high precision grinding with part inspection features. Components for a range of engine categories can be grinded using these machines. The components are fed through a guided chamber in a rotating carrier plate.



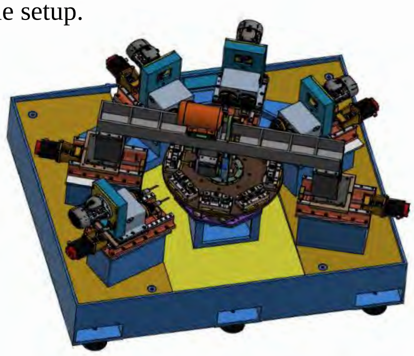
Vertical Honing Machines: We design and manufacture our four-station honing machines which have multiple part honing capabilities with a range of honing diameters. These machines have a servo actuated tool expansion. These machines help us to achieve precision on cylindricity tolerance.



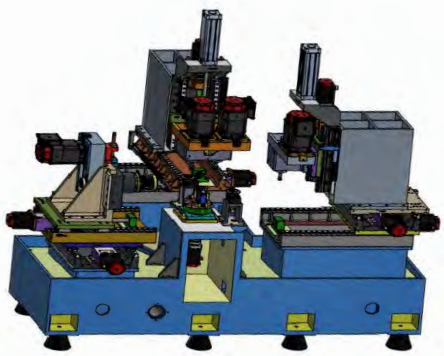
Internal Grinding Machines: We have designed and built high precision ID grinding machine in house. The salient features of this machine include high speed and high precision grinding with part inspection features. This machine can grind components for a range of categories. To ensure a very high degree of repeatability, this machine is equipped with precision work head with axis servo motor driven system and linear scale for size control axis. Development of this machine has helped us in reducing our dependence on expensive and high lead time imported internal grinding machines.

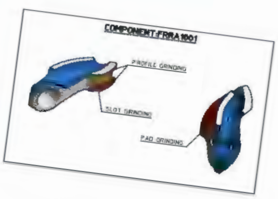


Eight Station SPM: Eight-station special purpose machines achieve high production output by performing combined operations such as Drilling, Rear facing, Front facing, Front chamfering and reaming at main boss in a single setup.



Rotary Grinding Machine: The rotary grinding machine performs profile, pad, and slot grinding operations for finger followers used on high performance premium passenger vehicles at multiple stations. Profile and slot grinding is achieved through axis interpolation. The crowning process for rocker arm is accurately performed using CBN tools.



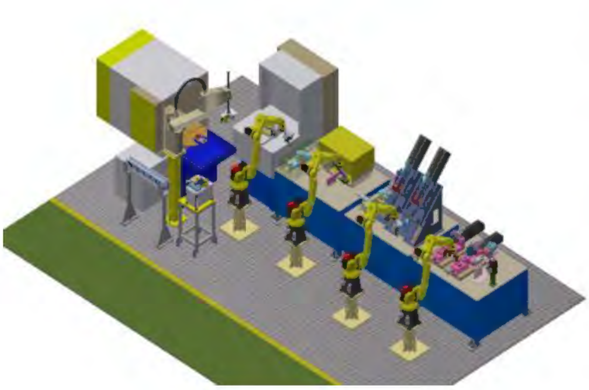


Automation Capabilities

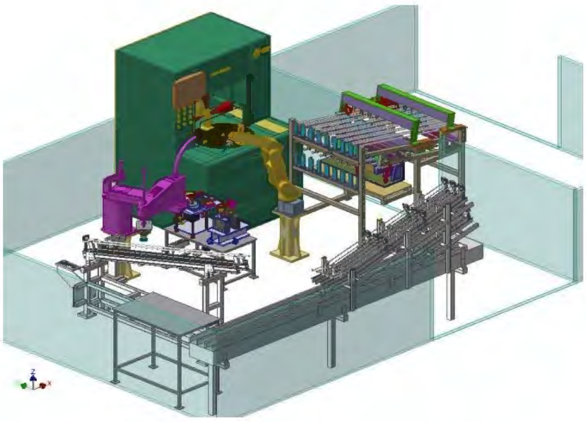
Our Company's automation division included a team of 56 personnel as at August 31, 2024 who work concurrently with machine and fixture design and have implemented multiple automation projects intended to increase our productivity and control labour costs. We focus on operational efficiency through the implementation of multiple automation projects for higher productivity and cost control. Key automation projects implemented in-house include assembly automation, automated inspection cells, pick and place systems, material handling gantries and machine tending robots.

Details of our key automation projects are as follows:

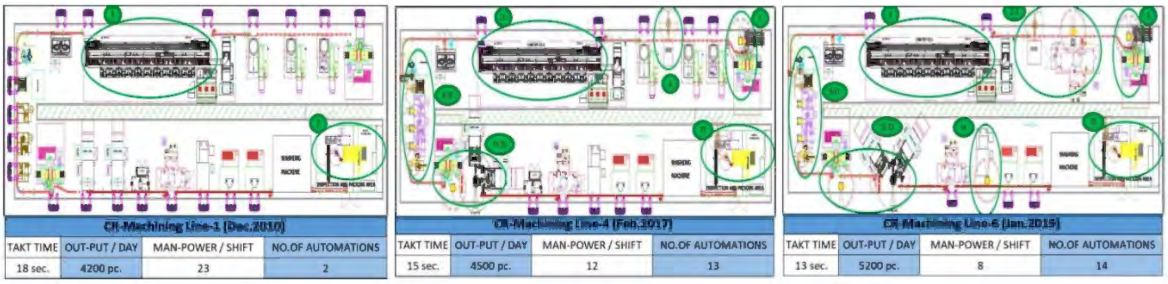
Automated Fracture and Bolt Assembly Cells: Our automated assembly cells for connecting rods perform six operations and two inspection processes via the use of five robots. The operations include pin bore inspection, laser grooving, fracture of crank-end, brushing, air-blast cleaning, bolt insertion and torque and chip off inspection. The assembly cell with the abovementioned operations has a "takt time" (which refers to the average time between the start of production of one piece and the start of production of the next piece) of 15 seconds per piece. These automated assembly cells are configured with SCADA (Supervisory Control and Data Acquisition) control system architecture.



Robotic Final Inspection Cells: Our automated final inspection cell has two robots for measuring 14 critical dimensional parameters and differential weight between the pieces. It is programmed with laser marking and grade segregation abilities. The automated final inspection cell has a takt time of 12 seconds per piece.



We have leveraged our design and engineering, machine building and automation capabilities as summarised above in our existing production facilities to stay competitive. As an example, the following chart shows the evolution of our fractured-split connecting rod lines over six generations and eight years:

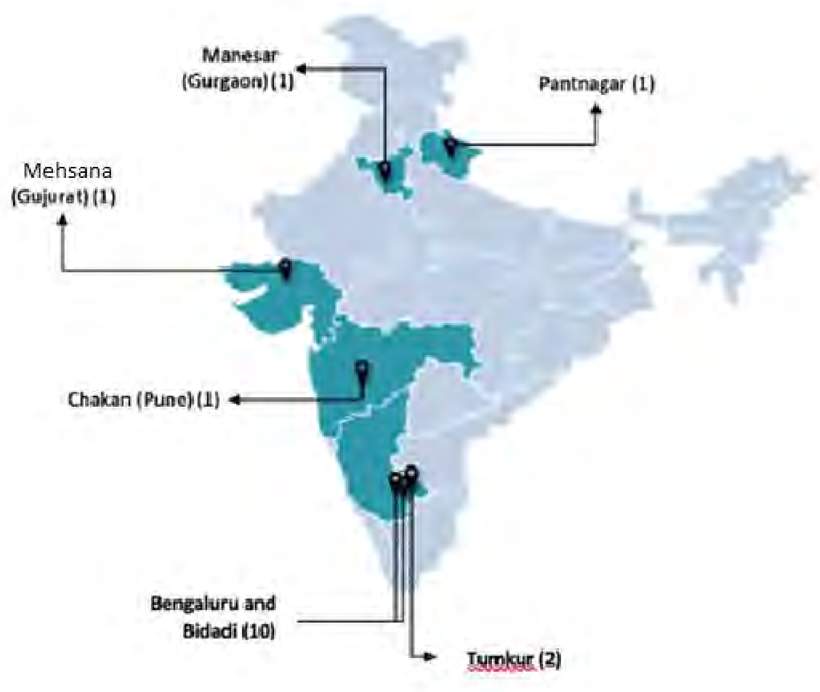


As indicated above, we have progressively been able to reduce takt time and increase productivity by increasing the number of automations. Adopting a similar approach, we have designed and built automated gantry lines for our suspension component, stem comp, wherein, apart from multiple machining operations, welding operation automation has also been incorporated. This has helped us to improve productivity and reduce manpower requirements. We now plan to deploy these capabilities across our manufacturing lines for existing and new products.

Manufacturing

Facilities

We have 17 integrated manufacturing facilities, of which 16 are in India in the states of Karnataka (Bengaluru – nine facilities, Bidadi – one facility and Tumkur – two facilities), Haryana (Manesar – one facility), Maharashtra (Chakan – one facility), Uttarakhand (Pantnagar – one facility) and Gujarat (Mehsana – one facility), and one facility is in Trollhättan, Sweden. Of our 16 manufacturing facilities in India, Fitwel Tools and Forgings Private Limited ("**Fitwel**") operates two manufacturing facilities in Tumkur. The map below shows our 16 manufacturing facilities in India.



Our plant configurations are flexible, allowing us to move our machinery from one location to another to interchange capacity and product mix. We can also shift production lines between certain products based on customer and operational requirements, thereby enhancing our machine productivity. All of our automotive components are capable of being designed, engineered and manufactured in at least two of our manufacturing facilities (excluding the facility in Trollhättan, Sweden).

All our facilities in India are ordinarily operated around the clock for six days a week (closed on Sundays), except on national holidays.

Details of our manufacturing facilities are as follows:

Manufacturing Facility[(1)]	Key Products	Facilities
Plant 1	Rocker arm, crankshaft assembly	Machining and assembly
Plant 2	Rocker arm, connecting rod, rocker shaft, gear shifter fork, drive train and chassis components	Machining, assembly and heat treatment, metallurgy and metrology laboratory, and die milling

Manufacturing Facility[(1)]	Key Products	Facilities
Plant 3	Rocker arm, crankshaft, balancer shaft, integral crankshaft and arm relay	Machining and assembly
Plant 4	Rocker arm, connecting rod and piston assembly	Machining, heat treatment, and assembly
Plant 5	Rocker arm, crankshaft, connecting rod, integral crankshaft	Forging and heat treatment, machining and assembly and tool room
Plant 6	Rocker arm, connecting rod, crankshaft, gear shifter fork, sprocket	Forging and tool room, machining and heat treatment, and chrome plating and assembly
Plant 7	Connecting rod	Engineering, testing, forging and tool room, and machining and assembly
Plant 7A	Connecting rod, crankshaft	Machining and assembly
Plant 9	Aerospace components	Machining and assembly
Plant 10	Machine building	Part machining, assembly, painting and automation
Plant 11	Connecting rod, stem comp, aluminium forged parts, and integral crankshaft	Forging, machining, robotic welding, assembly and paint shop
Plant 12	Rocker arm, connecting rod, gear shifter fork, crankshaft, drive train and chassis components	Forging press, drop and hydraulic hammer, and heat treatment.
Plant 14		
Plant 15	Stem comp	Welding, assembly and painting
Fitwel - Plant 1	Rocker arm, connecting rod, crankshaft, gear shifter fork, camshaft, link, lever, barrel, rotor and pump housing	Forging press, drop hammer, heat treatment, friction screw press and tool room
Fitwel - Plant 2		Machining
Sansera Sweden Plant	Connecting rod	Machining

Note:

(1) Plant 8 is used for training, quality systems and new product development and is not used for manufacturing. Our Company does not have a Plant 13.

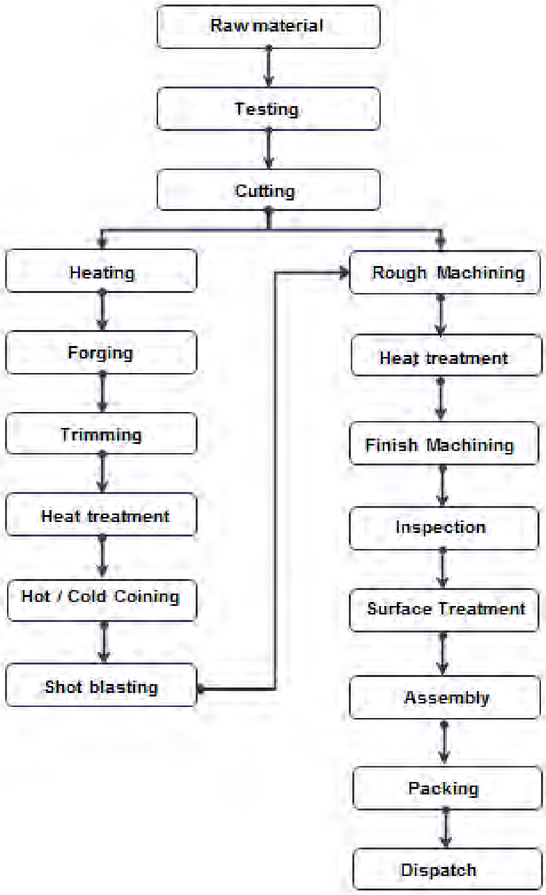
For more details on our manufacturing facilities, see "*Our Business – Immovable Properties*" on page 303.

Planned New Manufacturing Facilities

We plan to expand our manufacturing capacity to capture more opportunities across sectors. On July 31, 2024, we entered into a memorandum of understanding with the government of Karnataka to establish a manufacturing unit for the production of precision machined components and enhance our exports of such components. Under this memorandum of understanding, we plan to invest around ₹ 21,000 million over a period of three to five years towards expanding our manufacturing capacity over a 55-acre plot in Harohalli, Ramanagara, Karnataka, and the government of Karnataka has agreed to help us to obtain the necessary approvals to establish this new manufacturing facility. On September 27, 2024, the Karnataka Industrial Area Development Board allotted the 55 acres of land to us. We have already made a payment of ₹ 100 million, and the remaining balance of ₹ 160 million is due within 30 days from the date of the letter. Subject to Board approval and the availability of industrial infrastructure at the location, the construction of the building and the deployment of plant and machinery is expected to begin in Fiscal 2027. We plan to establish a training centre to enhance the skills of the local workforce, fostering talent development and employment opportunities. We plan to use advanced technologies and best practices at this new plant, thereby benefiting the local industrial ecosystem and promoting innovation. This new facility will enable us to increase our exports.

Manufacturing Processes

Set forth below is a chart and description of the key manufacturing processes for precision forged and machined components at our manufacturing facilities.



Forging: The manufacturing process typically starts with steel bars (raw material) that are cut into smaller billets by the shearing or sawing process. The billets are heated to stipulated temperatures and then subjected to a process of forging where the metal is pressed, pounded or squeezed under high pressure resulting in high-strength parts with the required shape and size.

Heat Treatment: The forged components are subjected to heat treatment to achieve the required specifications for microstructure and hardness, among others. Our heat treatment facilities include various types of furnaces such as sealed quench furnaces and other batch and continuous furnace lines. Certain parts are also subjected to heat treatment during the process of machining to achieve a more specific microstructure, case depth and hardness.

Shot Blasting*:* The forgings are then subjected to further operations such as shot blasting, a surface treatment process in which high velocity steel abrasive shots are directed in a controlled manner onto the surface that needs to be treated. Shot blasting is a method through which it is possible to obtain excellent cleaning and surface preparation for subsequent finishing operations.

Machining: Machining refers to the conversion of raw forging into a finished component with exact specifications in relation to size, shape and other performance parameters. Machining operations are usually divided into the two phases, distinguished by purpose and cutting conditions:

- *Roughing*: Roughing is used to remove large amounts of material from the starting work-part (typically a forging) as rapidly as possible, in order to produce a shape close to the desired form but leaving some material on the piece for a subsequent finishing operation.

- *Finishing*: Finishing is used to complete the part and achieve the final dimensions, tolerance and surface finish.

Some of our key machining processes are milling, turning, drilling, slitting, reaming and boring, tapping, honing and grinding (including the inside diameter, outside diameter, double disc, surface and profile grinding).

Machining operations are performed on special purpose machines, which typically are computer numerically controlled. In addition to designing and building these special purpose machines in-house, we also make our own dies (for forgings), jigs (for holding tools in the machine) and fixtures (for holding the work-part in the machine or for inspection) during machining operations.

Surface Treatment: Machined parts are further subjected to specific surface treatment such as hard chrome plating, diamond-like carbon coating and phosphating to provide high performance product life, wear resistance, better surface finish and corrosion resistance.

Testing and Validation: Our in-house capabilities in product testing and validation enable us to test and validate our products in conformity with customer requirements. This ensures product reliability, reduces the product development cycle time to meet customer's requirements and helps reduce manufacturing throughput time.

Quality Assurance and Quality Control

In the precision components manufacturing industry, adherence to quality standards is a critical factor as any defect in any of the products manufactured by us, or failure to comply with the design specifications of our customers, may lead to cancellations of purchase orders placed by our customers and loss of reputation. In order to maintain the quality standards and comply with the design specifications our customers, we follow a stringent quality control mechanism. At each stage of the manufacturing process, the components are examined by our operators to ensure there is no defect from the previous stage operator. Separately, representatives of our customers regularly inspect our manufacturing facilities and manufacturing processes. We also have a separate team of engineers responsible for quality assurance. For further details, see "*Risk Factors – We are subject to strict performance requirements, including, but not limited to, quality, delivery and development activities, and any failure by us to comply with these performance requirements may lead to the cancellation of existing and future orders, recalls or warranty and liability claims*" on page 64.

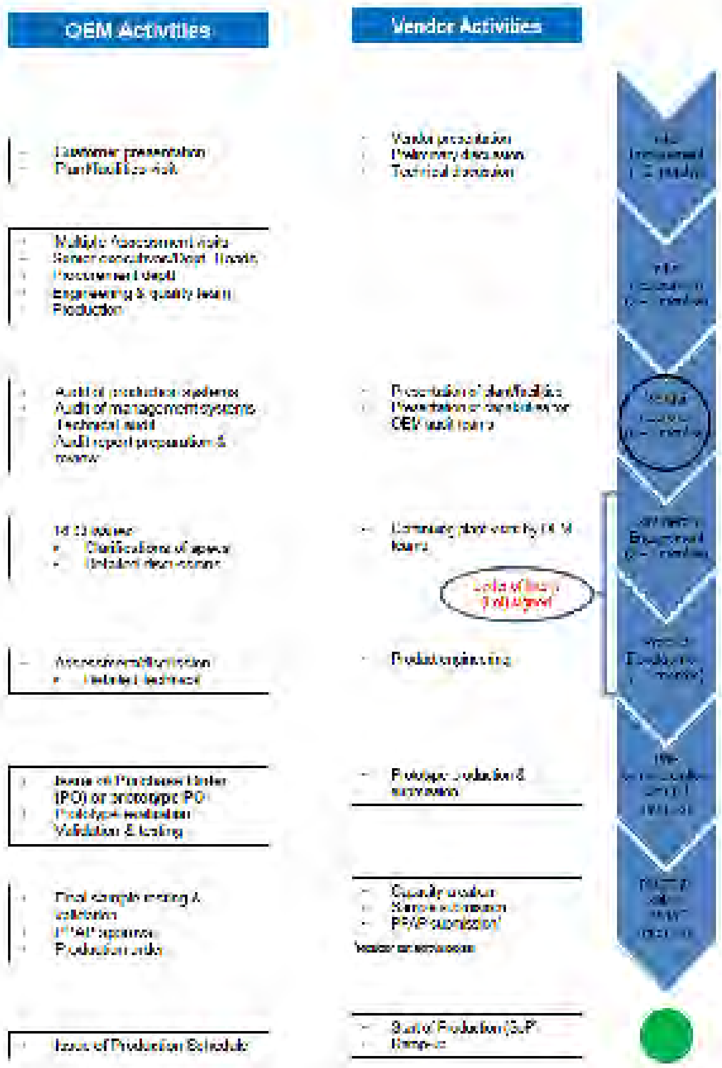
We have received the following certifications related to quality assurance and quality control for our existing manufacturing facilities in India.

Certification	Plants
International standards of quality management systems – International Automotive Task Force ("**IATF"**) 16949:2016 and BS EN 9100:2016	Plant 1, Plant 2, Plant 3, Plant 4, Plant 5, Plant 6 and Plant 7, Plant 11, Plant 12, Plant 14, Plant 15
AS 9100D and BS EN ISO 9001:2015 certifications by UKAS Management Systems under the Aerospace Sector Certification Scheme	Plant 9, Plant 11

Sales and Marketing

Customer Acquisition Process

In the precision components industry, OEMs tend to have extensive and detailed vendor approval processes which typically take 18 to 24 months. While each OEM has its own approval process, the typical sequence of activities for new vendor approvals is as follows:



Given the time and effort involved in the approval process as indicated above, OEMs typically do not switch vendors unless there are specific quality and cost issues.

Our customers at times also request us to partner with their own development teams throughout a product cycle, which involves design, engineering and product development. Accordingly, our engineers and sales team work on-site at the customers' location with their in-house engineering and design teams to develop customised solutions, which in turn allows us to maximise our sales opportunities. We believe such arrangements give us the opportunity to embed our products into our customers' expansion and development plans.

Sales and Marketing Team

Our sales and marketing team focuses on developing customer relationships, acquiring new contracts for development and manufacturing, identifying new customers and generating business opportunities. We focus on strategically aligning ourselves with customers to create long-term relationships after the initial sale. As at August 31, 2024, we had 21employees in our sales and marketing team.

Customers

Our OEM customers include some of the largest Indian and global OEMs. Within India, our customers include nine out of the top 10 two-wheeler OEMs based on production volume for Fiscal 2024 (*source: the CRISIL Report*), four passenger vehicle OEMs, including a leading passenger vehicle OEM (*source: the CRISIL Report*), and nine xEV OEMs. Globally, our customers include six global Light Vehicle OEMs, three global MHCV OEMs and three global EV OEMs (*source: the CRISIL Report*).

Our key customers across the verticals we supply to are as follows.

Vertical / Sector	Customers
Auto – ICE:	
Two-wheelers	Indian: Bajaj Auto Limited; Honda Motorcycle & Scooter India Pvt Ltd; TVS Motor Company; Royal Enfield and India Yamaha Motor Pvt Ltd. Global: A U.S. 2W OEM; a German 2W OEM; a European 2W OEM; and a Japanese 2W OEM.
Passenger vehicles	Indian: the leading Indian passenger vehicle OEM in terms of domestic production volume for Fiscal 2024; Honda Cars India and a powertrain manufacturing ancillary of a leading Japanese OEM. Global: a leading European passenger vehicle OEM; a leading North American PV OEM; a global Tier 1 supplier; and a premium European OEM.
Commercial vehicles	Indian: a leading Indian OEM. Global: a leading Swedish OEM; leading European OEMs; a leading Japanese OEM; a leading U.S. OEM; and global suppliers of braking systems.
Auto – Tech Agnostic & xEV	
Two-wheelers	Indian: Bajaj Auto Limited; Honda Motorcycle & Scooter India Pvt Ltd; Royal Enfield; India Yamaha Motor Pvt Ltd Global: Ducati Motor Holding S.p.A.
Passenger vehicles	Indian: a leading Indian passenger vehicle OEM and a powertrain manufacturing ancillary of a leading Japanese OEM
Commercial vehicles	Indian: A subsidiary of a German automobile manufacturer
Non-Automotive sector	
Aerospace and Defence	Indian: a leading Indian Tier 1 supplier; and a statutory body under the Government of India. Global: a global North American aircraft OEM; and global Tier 1 suppliers.
Off-road vehicles	Global: Polaris.
Agriculture	Indian: Indian arms of a global supplier of fuel injection systems; and the Indian arm of a global engine-based fuel and air management systems manufacturer
Others	Indian: The Indian arm of a global manufacturer of engines; the Indian arm of a global manufacturing and supply chain management company; and a subsidiary of a leading global power tools manufacturer. Global: a Tier 1 supplier to a global marine engine manufacturer.

Our OEM customers typically have stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers. These procedures include review of the manufacturer's expertise, available manufacturing facilities, processes, financial capabilities and logistical capabilities. For further details, see "*Our Business – Customer Acquisition Process*" on page 297. Owing to the critical applications of our products and stringent, time-consuming selection, inspection and review procedures for procurement of components from manufacturers, we believe it is difficult for new players to become qualified or replace us in supplying the precision components we provide. This is corroborated by our status as a single source supplier in certain product categories for some of our key customers and by the fact that we have relationships spanning more than 20 years with 39.74% of our customer base for Fiscal 2024 and 10-20 years with 28.71% of our customer base for Fiscal 2024. In the two-wheeler vertical, we have relationships spanning 24 years with Honda Motorcycle & Scooter India Pvt Ltd, 28 fiscal years with Bajaj Auto Limited and 27 years with India Yamaha Motor Pvt Ltd, the second, fourth and fifth largest two-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2024, respectively (*source: the CRISIL Report*). In the passenger vehicle vertical, we have relationships spanning 37 years with a leading Indian passenger vehicle OEM (*source: the CRISIL Report*), over 13 years with a leading European passenger vehicle OEM (*source: the CRISIL Report*), and over 13 years with one of the leading North American passenger vehicle OEMs.

We depend on our major OEM customers for a significant portion of our revenues. Therefore, our ability to manage and sustain customer relationships is critical to our business. We have relationships spanning 10 fiscal years or more with seven of our top 10 customers for the period ended June 30, 2024.

S. No.	Name or Description of the Customer	Minimum number of fiscal years of customer relationship
1.	Bajaj Auto Limited	28
2.	Honda Motorcycle & Scooter India Pvt Ltd	24
3.	A leading Indian passenger vehicle OEM	37
4.	One of the leading Swedish CV OEMs	7
5.	TVS Motor Company	5

S. No.	Name or Description of the Customer	Minimum number of fiscal years of customer relationship
6.	Royal Enfield	13
7.	Polaris Industries Inc	14
8.	India Yamaha Motor Pvt Ltd	27
9.	A powertrain manufacturing ancillary of a leading Japanese OEM	9
10.	A leading North American EV Light Vehicles OEM	2

We have achieved a successful reduction in the dependence on our top five and top 10 customers by putting customer diversification strategies in place, to broaden our customer base and mitigate risks of over-dependency on certain customers to ensure long-term stability and we plan to continue to add new customers. For the three months ended June 30, 2024 and 2023, our top five customers contributed 46.06%, and 47.66%, of our revenue from sale of products, respectively, and our top 10 customers contributed 65.62% and 68.93% of our revenue from sale of products, respectively, For Fiscals 2024, 2023 and 2022, our top five customers contributed 47.26%, 50.79% and 53.87% of our revenue from sale of products, respectively, and our top 10 customers contributed 67.91%, 70.99% and 71.72% of our revenue from sale of products, respectively. For more details, see "*Risk Factors – Our business is dependent on the sale of our products to certain key customers. The loss of any of these customers or loss of revenue from sales to these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 56.

The tables below set forth the breakdown of our customers for the periods and fiscal years as shown in the tables below.

Particulars	Number of Customers[1]	
	Three months ended June 30, 2024	Three months ended June 30, 2023
Automotive sector:		
Auto - ICE	49	46
Auto - Tech Agnostic and xEV	28	25
Total for automotive sector[2]	***77***	***71***
Non-automotive sector	25	23
Total[2]	**102**	**94**

Note: *Number of customers for the three months ended June 30, 2024 and 2024 are for a three-month period only and are therefore not comparable to the number of customers for Fiscals 2024, 2023 and 2022*.

Particulars	Number of Customers[1]		
	Fiscal 2024	Fiscal 2023	Fiscal 2022
Automotive sector:			
Auto - ICE	51	49	49
Auto - Tech Agnostic and xEV	31	30	20
Total for automotive sector[2]	***82***	***79***	***69***
Non-automotive sector	32	35	31
Total[2]	**114**	**114**	**100**

Notes:

(1) Customers exclude Tier 1 and Tier 2 suppliers supplying to the same OEM customer.

(2) Total is computed post elimination of common customers.

Customer Agreements

For our domestic customers, we do not generally have firm commitment or long-term purchase agreements with most of our customers and instead rely on purchase orders issued by our customers from time to time. For our export customers, we enter into various purchase and supply agreements. The components are supplied by us under various purchase orders issued by the customers from time to time, under the terms of the master purchase or supply agreement. For further details, see "*Risk Factors – We do not have firm commitment long-term supply agreements with our customers. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, as a result of the foregoing, our Order Book or peak annual revenues for new business, which means the annual revenue we expect to realise from orders considering the matured volume indicated by our customers. does not represent firm orders and we cannot predict with certainty if we will sell the projected volume of products in our*

Order Book and we cannot guarantee that we will earn the revenue anticipated in our Order Book " on page 55.

The purchase orders issued by customers specify the type of components, the quantity and the cost for each batch of orders placed. Most of our customers provide us with forecasts of order volumes, generally firm for the first month, and a tentative delivery schedule for the following months, as well as annual sales projections that help us estimate the production requirement and capital expenditure for that particular product or business line for facilitating our resource planning. When actual production volumes differ significantly from our estimates, we generally seek to make up any shortfalls through new orders, either with existing or with new customers, which may or may not materialise.

The purchase orders are typically subject to conditions, such as ensuring that all products delivered to the customer have been inspected and will be safe for use, that orders will be fulfilled according to predetermined delivery schedules and that all products will be built to customer specifications. Some of our customers, under their respective purchase or supply contracts, have the right to check and verify our relevant manufacturing systems processes, which may include inspection of the manufacturing facilities, review of the manufacturing processes and review of the raw materials. Further, our purchase or supply contracts contain a warranty provision which warrants conformity of products to specifications, drawings, samples or descriptions furnished by the customers and further warrants that products delivered will be merchantable, of good material and workmanship and free from defects.

While in practice we have passed the increase in the cost of raw materials onto our domestic customers, there is usually a gap in time between the date of procurement of those raw materials and the date on which we can reset the component prices for our customers so as to account for the increase in the prices of such raw materials. In addition, we may not be able to pass raw material price increases to all our customers as our ability to adjust pricing terms with customers varies based on our specific customer relationships, market practice with respect to the particular raw material or component and other factors such as raw material content and whether medium-term price fluctuations have been factored into our component prices at the time of price finalisation. As a result, for some of our export customers, we may in some instances bear the risk of any price increases that occur.

Raw Materials and Suppliers

Our primary raw materials include (i) alloy steel rounds bars and non-ferrous alloys such as aluminium and titanium, and (ii) assembled components, such as roller bearings, screws, crank pins, bolts, bushes and sintered tips.

We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments executed with them. Pursuant to the terms of our purchase orders, we reserve the right to reject defective materials, and any warranty claims accepted by us for defective materials supplied by our suppliers are passed onto such suppliers. We primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, either from suppliers stipulated by our customers or those suggested by us and approved by our customers. We procure from multiple suppliers with whom we have long-term relationships to ensure timely availability of raw materials of the desired quality and quantity. We have a diversified supplier base to reduce supplier concentration risk. For further details, see "*Risk Factors – We depend on third parties with whom we do not have long-term supply contracts for the supply of raw materials. A loss of suppliers or interruptions in the delivery of raw materials or volatility in the prices of raw materials on which we rely may have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 69.

Our suppliers undergo a qualification process and performance rating to ensure that the supplied raw materials are of satisfactory quality. We select our suppliers and sub-contractors based on their performance and delivery and quality rating.

Energy and Water

Our manufacturing processes require an uninterrupted and constant voltage power to ensure that the products are of high quality and also to increase the productivity and lifetime of our machines and equipment. We make arrangements for power purchase from local utilities, independent renewable power producers as well as captive power generation through rooftop solar and generator sets in all our manufacturing facilities. We entered into a first energy supply agreement with Clean Max Vega Power LLP (a power producer) in Fiscal 2020 for a period of 25 years with a lock in period of five years and in Fiscal 2022 we entered into a second energy supply agreement with Clean Max Vega Power LLP for a period of 25 years with a lock in period of five years. Our Company has a 26% ownership interest in Clean Max Vega Power LLP.

We are able to conserve energy through our in-house development of CNC special purpose machines, which are built with optimal energy usage in mind.

Our manufacturing processes require water consumption although they are not water intensive. The requirement for water is met primarily through outside resources, or through local utility companies. In a few of our manufacturing facilities, the water requirement is met through our own bore wells. We undertake water conservation measures on an ongoing basis and reuse water in order to reduce wastage.

For further details, see "*Risk Factors – We have power and water requirements and any disruption to our power or water sources could disrupt our production. In addition, if energy costs were to rise, our production costs would increase, which would adversely affect our results operations and cash flows if we are unable to increase the prices for our products enough to offset these increased costs*" on page 83.

Transportation

Our products are typically shipped to our OEM customers. The mode of transportation for a particular shipment is dependent on the urgency, size and value of the order. Our domestic operations use a number of different modes of third-party transportation, including road, air and rail. We manage the transportation requirements for such domestic or inbound freight directly. Where a shipment is outbound overseas, we use a number of different modes of third-party transportation, including road, air and sea. We also utilise third party freight forwarders who contract with the relevant ocean carriers and airlines on our behalf and engage third party logistics services providers to provide support on our transportation requirements. These third-party service providers are responsible for ensuring our transportation rates are competitive and that our transportation carriers are performing as required. For further details, see "*Risk Factors – We are dependent on third parties for the transportation and timely delivery of our products to customers*" on page 72.

For details on shipping related risks, see "*Risk Factors – Disruptions to shipping channels could have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 69.

Human Resources

We are focused on developing the expertise, skill sets and know-how of our employees. Our personnel policies are aimed at recruiting talented individuals and promoting the development of their skills, including through in-house as well as external training programmes. We were awarded the "Golden Peacock Award 2023 for Training."

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations in India. For more details, see "*Risk Factors – We are dependent on contract labour and if we are unable to obtain the services of skilled and unskilled workmen at reasonable rates it will have an adverse effect on our business and results of operations. In addition, even if we have already paid the independent contractors who directly engage these workmen, we may be responsible for paying the wages of such workers if the independent contractors default on their obligations to them, and such obligations could have an adverse effect on our cash flows until such amount is recovered from the independent contractors and on our results of operations and financial condition in the event we are unable to recover such amount from the independent contractors*" on page 68.

The following table sets forth the breakdown of our workforce as at August 31, 2024:

Particulars	Number
Managerial Staff	491
Engineers	716
Executives	131
Trainee Engineers	143
Assistants	127
Total Staff [A]	**1,608**
Confirmed Employees	1,286
Trainees and Apprentices	3,205
Total Associates [B]	**4,491**
Total Employees [C = A+B]	**6.099**
Contract Workmen [D]	5,270
Total [E = C + D]	**11,369**

As at August 31, 2024, 1,123 of our employees were members of labour unions. We have entered into labour union agreements involving, among others, revised wage structures, ex-gratia payments, attendance bonuses and the provision of or enhancement of insurance policies. For further details, see "*Risk Factors – Our employees are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business, financial condition, results of operations and cash flows*" on page 62.

Health, Employee Safety and Environment

We endeavour to adhere to laws and regulations relating to protection of health, employee safety and the environment. We carry out our activities while following appropriate standards of work safety and our working conditions seek to promote a healthy and safe work environment. We have an employee health and safety policy to promote workplace health and safety and minimise the risk of accidents at our facilities.

We have taken initiatives to reduce the risk of accidents and prevent environmental pollution at our facilities, including: (i) ensuring that plant employee safety manuals covering employee safety and environmental procedures are in place and that plant level hazard identification and risk assessments are periodically carried out; (ii) providing training and awareness programs on employee safety and environment to all employees, including training on machines and other operations at shop floors, and the use of first aid and other procedures to deal with emergencies; (iii) implementing regular employee safety audits, management review meetings and periodic employee safety meetings; and (iv) conducting periodic emergency mock drills in our plants.

Since April 1, 2021, we have experienced nine work-related injuries, including one fatality. After each incident, we conducted a thorough internal investigation as to the reasons that the incident occurred and implemented policy and process changes aimed at minimising the risk of similar future incidents.

In addition, we have implemented initiatives to reduce the environmental impact of our operations. Such initiatives include: (i) organising periodic workshops to enhance the capabilities of plant heads and their teams with respect to environment compliance management; (ii) setting up and periodically upgrading effluent and sewage treatment plants at our manufacturing facilities to treat and recycle treated wastewater; (iii) installing solar panels and sourcing power for our operations from renewable energy sources; and (iv) using LED lights.

We have obtained, or are in the process of renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. Our activities are subject to the environmental laws and regulations of India, which govern, among other things, air emissions, wastewater discharge, and handling, storage and disposal of hazardous substances and wastes. Sansera Sweden is subject to Swedish regulations relating to environmental, health and safety measures.

We have received the following certifications relating to environmental system standards and occupational, health and safety system for our existing manufacturing facilities in India.

Certification	Plants
Environmental system standard ISO 9001:2015	Plant 1, Plant 2, Plant 3, Plant 4, Plant 5, Plant 6 and Plant 7, Plant 11, Plant 12, Plant 14, Plant 15
Occupational, health and safety system standard ISO 14001:2015, ISO 45001;2018	Plant 2, Plant 3, Plant 4, Plant 5, Plant 6, Plant 7, Plant 9, Plant 11, Plant 12, Plant 14

Intellectual Property

We rely on a combination of trademark laws, confidentiality procedures and contractual provisions to protect our intellectual property. We cannot be certain that the steps we have taken will prevent unauthorised use of our intellectual property. For more details, see "*Risk Factors – If we fail to keep our technical knowledge confidential, it may erode our competitive advantage and have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 62. We have not made any applications for registration of copyrights or patents under applicable laws.

Immovable Properties

Our Company's Registered Office and Corporate Office is located at Plant No. 7, No. 143-A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru, Karnataka 560 105, India, which we own.

Details of the land on which our manufacturing facilities are located are set forth in the table below.

Manufacturing Facility	Address	Owned/ Leased (term of lease)
Plant 1	Survey No. 26/6, Village Yarandahalli, Jigani Hobli, Anekal Taluk, Bommasandra Industrial Area, Bangalore – 560099	Leased (May 01, 2024 to April 30, 2029)
Plant 2	Plot No. 260/A (P), 261/C and 262/A, Bommasandra Industrial Area, Bommasandra Village, Attibele Hobli, Anekal Taluk, Bengaluru, Karnataka	Owned
Plant 3	Plot No. 1, Bommasandra, Jigani Link Road, Industrial Area, Yarandahally Village, Jigami Hobli, Anekal Taluk, Bengaluru, Karnataka	Owned
Plant 4	Plot No. 22-23, Sector – 6, Industrial Estate, I.M.T. Manesar, Gurgaon, Haryana	Owned
Plant 5	Plot No. B-18, Chakan, MIDC, Industrial Area, within village limit of Nighoge Taluka, Khed, Pune, Maharashtra	Leased (December 1, 2004 to November 30, 2099)
Plant 6	Plot No. 18, Sector 9, SIDCUL, Integrated IE Pantnagar, Udham Singh Nagar, Uttarakhand	Leased (June 5, 2006 to June 4, 2096)
Plant 7	Plot No. 143-A, Bommasandra-Jigani Link Road Industrial Area, Kyalasanahally village, Jigani Hobli, Anekal Taluk, Bengaluru, Karnataka	Owned
Plant 7A	Plot No. 125-126, 4th Phase, Bommasandra, Jigani Link Road, Industrial Area, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru, Karnataka	Leased (May 15, 2015 to May 14, 2025)
Plant 10	Plot No. 102, Bommasandra, Jigani Link Road, Anekal Taluk, Bengaluru Urban District, Karnataka	Leased (February 1, 2024 to December 31, 2024)
Plant 11[(1)]	Plot No. 48, Bidadi Industrial Area, Phase-II, Sector-II, Shyanumangala, Bidadi Hobli, Ramanagara Taluk, Bengaluru, Karnataka	Leased (May 18, 2015 to May 17, 2025)
Plant 12	Site No. A1, Khata No 344, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bangalore 560099, Karnataka.	Owned
	Plot No. 143, C-2, Bommasandra Industrial Area, Hebbagodi Village, Hobli, Bengaluru, Karnataka.	Owned
	Plot No. 143, B-8, Bommasandra Industrial Area, Hebbagodi Village, Hobli, Bengaluru, Karnataka.	Owned
	Plot No. 143, B-8 (Part), Bommasandra Industrial Area, Hebbagodi Village, Hobli, Bengaluru, Karnataka.	Owned
	Plot No. 143, C-2, Sy.No.77, Bommasandra Industrial Area, Hebbagodi Village, Hobli, Bengaluru, Karnataka	Leased (December 1, 2023 to November 30, 2026)
Plant 14	Plot No. 34, Jigani Industrial Area, II Phase, Jigani Hobli, Anekal Taluk, Bengaluru, Karnataka	Leased (December 1, 2017 to November 30, 2027)
	Plot No. 35, Jigani Industrial Area, II Phase, Jigani Hobli, Anekal Taluk, Bengaluru, Karnataka	Leased (December 1, 2017 to November 30, 2027)
	Plot No. 36, Jigani Industrial Area, II Phase, Jigani Hobli, Anekal Taluk, Bengaluru, Karnataka	Leased (December 1, 2017 to November 30, 2027)
Plant 15	Plot No. E1-E3, Mascot Industrial Park, Jadavpura Cross Road, Kadi-Vithalapur Highway, Kadi, Distt. Mehsana, Gujarat	Leased (December 1, 2023 to November 30, 2028)
Plant 9	Sy. No. 101/3, Sy. No. 101/4 and Sy. No. 105/3, Jigani Village, Jigani Hobli, Anekal Taluk, Bangalore	Leased (October 1, 2021 to September 30, 2041)
Fitwel Plant 1	Unit No. 5, KHT Complex, Antharasanahalli, Bengaluru, Karnataka	Leased[(2)]
	Unit No 6, Press Line, Unit No 6 KHT Complex, Antharasanahalli Tumkur 572106	Owned
	C 11 & 12, Die & Tools, C 11, 12 KHT Complex, Antharasanahalli Tumkur 572106	Owned
	C 13, DG Room and Control Panel Room, C 13, KHT Complex, Antharasanahalli Tumkur.	Owned
	C 14, DG Room and Control Panel Room, C 14, KHT Complex, Antharasanahalli Tumkur.	Owned
	Survey no 47/1 Antharasanahalli,Tumkur 572106	Owned
	Canteen Building, Building, Land, overhead tank and a huge sump,	Owned

Manufacturing Facility	Address	Owned/ Leased (term of lease)
	Behind Forge Shop, Antharasanahalli,Tumkur 572106	
Fitwel Plant 2	Unit No. 11, KHT Complex, Antharasanahalli, 1st stage, Tumkur	Owned
Sansera Sweden Plant	461 38 Trollhättan, Elektroden 4, Sweden	Leased (September 1, 2018 to August 31, 2038)

Notes:

(1) It includes land of 60,786.60 sq. mts. allocated by Karnataka Industrial Area Development Board at Plot No. 48, 2nd Phase, Sector-2, Bidadi Industrial Area for a period of 10 years with effect from May 18, 2015 to the Company on a lease cum sale basis.

*(2) Karnataka Small State Industrial Development Corporation ("**KSSIDC**") has allotted land measuring 4,257 sq. mt. at Unit No. 5, KHT Complex, Antharasanahalli, Tumkur, Karnataka on a lease cum sale basis for a period of four years with effect from January 8, 1987, with specified terms and conditions to be complied with by each party. Subsequently, KSSIDC failed to comply with the terms of the agreement and hence, Fitwel retained possession of the land. KSSIDC, by way a letter dated January 10, 2022, demanded a value of ₹ 7.72 million as the final value to execute the sale. We have made payments of ₹ 8.83 million till date, which includes the principal and interest for the instalments that we paid. On January 14, 2022, KSSIDC wrote to us expressing their desire to execute a sale deed, and thereafter, on May 26, 2022, we wrote a letter to KSSIDC, requesting them to execute the sale deed, and subsequently made a payment of ₹ 1.00 million.Subsequently, we have written to KSSIDC on April 11, 2023, wherein we have again requested KSSIDC to execute the sale deed since we have paid the full value for the property. Negotiations are in progress and we await the final approval of KSSIDC with respect to the registration of the land in the name of Fitwel.*

In addition to the above, we own a plot of land in Gujarat, India and lease a number of commercial and residential properties.

Competition

We face competition, both domestically and internationally, in relation to specific products and our product ranges. The following table indicates our key competitors in the domestic market and the product families that they compete in.

Product family	Segment/Vertical	Key Competitors
Connecting rods	Two-wheeler	Bajaj Motors, Musashi
	Passenger vehicle	Amtek Auto, Amul Industries, Magal Tech
Rocker arms	Two-wheeler	Bajaj Motors, FIE Group
	Passenger vehicle	Micro Turner, Schaeffler India
Crankshafts	Two-wheeler	Kay Jay Forge, Laxmi-Agni
Gear shifter forks	Two-wheeler	Bajaj Motors, FIE Group
	Passenger vehicle	Kalyani Forge, Micro Turner, RICO Auto
Stem comp	Two-wheeler	Bajaj Motors, Endurance Technologies, Modern Automotive
Aerospace	Aerospace	Aequs, CIM Tools, Dynamatic, Godrej & Boyce, PMI Engineering Exports

(Source: the CRISIL Report).

While the precision components manufacturing industry is extremely competitive, we believe that our core expertise in all aspects of design and engineering, our diversified portfolio of products, our ability to meet our customers' varying requirements, and the long-standing relationships that we have built with our customers over the years differentiate us from our competitors. We also believe that there are a number of barriers to entry into the market, including precision components manufacturing being a capital-intensive business and involving complex technology, machinery and systems.

Information Technology

Our design and engineering facilities comprise IT enabled processes such as computer aided design, computer aided manufacturing and computer aided engineering facilities and design software. We also have information technology systems that aid in design, development and prototyping, such as Autodesk, Tecnomatrix, QFORM, Minitab, Creo, Forge Nxt, Veracad, UG Nx, and 3D Sketchup. We have implemented SAP platforms encompassing business functions, including production, materials, finance, inventory, maintenance, and human resource management. We make efforts to consistently upgrade our systems to ensure efficiency and business continuity. We have implemented an IOT application, (Leanworkx), which aids in machine monitoring. We have also implemented a product lifecycle management system (Teamcenter), which manages all our product data from the design stage to commercialisation.

Insurance

Our operations are subject to various risks inherent in the automotive and non-automotive industries as well as fire, theft, earthquake, flood acts of terrorism and other force majeure events. We maintain insurance policies for our manufacturing facilities in India and abroad, including buildings, machinery and godowns (warehouses), as well as for personal accident coverage, product liability coverage and workmen compensation. In addition, we maintain insurance policies covering directors' and officers' liability, cyber security, commercial general liability (except for aircraft products) and policies that provide coverage for risks during the shipment of products. We are not insured against consequential damages, environmental damages, terrorist acts and war related events.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. However, our policies are subject to standard limitations, including with respect to the maximum amount that can be claimed. For example, in the case of business interruption, limitations apply with respect to the length of the interruption covered and the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. For further details on risks related to our insurance policies, see "*Risk Factors – Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 70.

Awards and Recognitions

Over the years, we have been recognised with numerous awards by our customers for the quality of our products as well as being recognised with numerous awards for other aspects of our business.

In 2024 (to date), we received, among others:

- "Supplier Conference 2024" from India Yamaha Motor Pvt Ltd;
- "Annual Supplier Convention 2023-24" from Honda;
- "Delivery & Quality of Spare Parts during 2023-2024" from Honda Cars India
- "Gold Award for Sustainability Business & Safety 2024" from the Automotive Component Manufacturers Association of India.

In 2023, we received, among others:

- "Silver Boeing Performance Excellence Award" from Boeing;
- "Zero Defect Supplies" award from Toyota Industries Engine India Pvt Ltd;
- "Best Quality Supplier" award from Toyota Industries Engine India Pvt Ltd;
- "Consistent Quality Performance" award from TVS Motor Company;
- "Reliable Partner in Quality & Delivery" award from Royal Enfield;
- "Quality Platinum" award from Bajaj Auto Limited;
- "Quality Excellence Award" from General Motors;
- "Premier Award" from RTX
- "AIRBUS #NewSteps2023" award from Airbus; and
- "Appreciation Award for Delivery" from India Yamaha Motor Pvt Ltd.

In 2022, we received, among others:

- "Powertrain Supplier of the Year" from Fiat Chrysler Automobiles (now called Stellantis N.V.);
- "Zero Defect Supply" from Toyota Kirloskar Motor;
- "Excellence Supplier Performance" award from Boeing;
- "Quality BAL Q Platinum Award" from Bajaj Auto Limited;
- "Best Performance EARN Program" from Hero;
- "Regional Supplier Award" from Bosch India;
- "Quality "Platinum" Award" from Bajaj Auto Limited;
- "Company of the Year (Automotive)" from ET Ascent;
- "Best Success Story Award for "My Product My Responsibility"" from Toyota Industries Engine India

Corporate Social Responsibility

We seek to be a socially responsible corporation and we believe that CSR is an integral part of our operations. To this end, we established the Sansera Foundation in Bengaluru in 2007 to spearhead our CSR efforts. The Sansera

Foundation is focused on demonstrating care for the community through three broad areas, namely (i) education and skill development, (ii) health and wellness and (iii) environmental sustainability, energy and water conservation.

We were awarded the "Best CSR Impact Initiative – Manufacture Industry" in 2022 by ET Ascent and "Best Use of CSR Practices" by Global CSR in 2022.

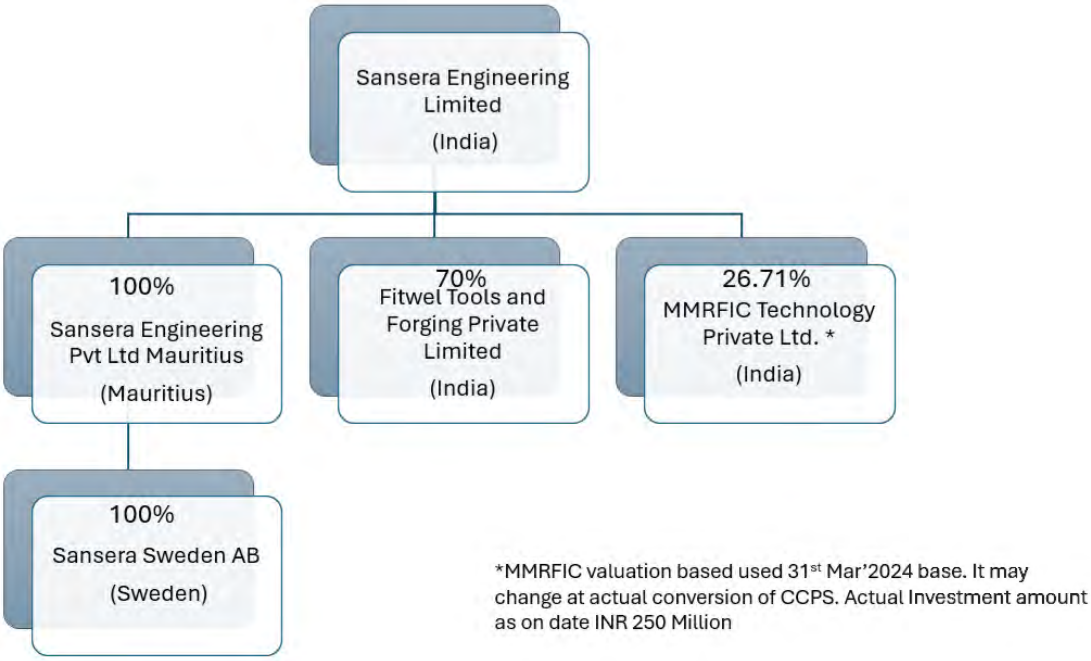
ORGANISATIONAL STRUCTURE

Corporate History

Our Company was incorporated as "Sansera Engineering Private Limited" on December 15, 1981, at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC. Thereafter, pursuant to the conversion of our Company to a public limited company, in accordance with the special resolution passed by our Shareholders dated June 19, 2018, the name of our Company was changed to "Sansera Engineering Limited" and the RoC issued a fresh certificate of incorporation on June 29, 2018.

The Registered and Corporate Office of our Company is located at Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India.

Organizational Structure



Holding company

As on date of this Preliminary Placement document, we do not have a holding company.

Associate company

As on the date of this Preliminary Placement Document, our Company has one associate company, namely MMRFIC Technology Private Limited. MMRFIC Technology Private Limited was incorporated on November 20, 2014 as a private limited company under the Companies Act, 2013. It is engaged in the business of research, development and manufacturing of sub-systems and systems for next generation radars by leveraging machine learning with artificial intelligence and mm-wave sensors with hybrid beam forming capabilities, as authorized under the object clause of its memorandum of association. Our Company holds 17 equity shares of face value ₹1.00 each, 37,310 series A1 compulsorily convertible preference shares of face value ₹10.00 each, 55970 series A2 compulsorily convertible preference shares of face value ₹10.00 each and 55,970 series A3 compulsorily convertible preference shares of face value ₹10.00 each of MMRFIC Technology Private Limited on a fully diluted basis, constituting 26.71% of its fully diluted share capital.

Joint Ventures

As on the date of this Preliminary Placement Document, our Company does not have any joint ventures.

Subsidiaries

As on the date of this Preliminary Placement Document, our Company has three Subsidiaries of which two are direct subsidiaries and one is a step down subsidiary, as set forth hereunder:

Direct Subsidiaries:

1. Fitwel Tools & Forgings Private Limited; and
2. Sansera Engineering Private Limited, Mauritius

Step-down Subsidiary:

1. Sansera Sweden AB

Details of our Subsidiaries:

Set forth hereunder are brief details of our Subsidiaries:

(a) Fitwel Tools & Forgings Private Limited

Fitwel Tools & Forgings Private Limited was incorporated on November 19, 1983 as a private limited company under the Companies Act, 1956. It is engaged in the business of supplying precision components for automotive as well as non-automotive segments, as authorized under the object clause of its memorandum of association. Our Company holds 248,872 equity shares of face value ₹10.00 each, constituting 70% of the equity share capital of Fitwel Tools & Forgings Private Limited.

(b) Sansera Engineering Private Limited, Mauritius

Sansera Engineering Private Limited was incorporated on November 4, 2016 as a private limited company under Section 24 of the Mauritius Companies Act, 2001. Sansera Engineering Private Limited, Mauritius does not engage in any operations. Our Company holds 10,000 ordinary shares of face value of €10.00 each, 490,000 optionally redeemable preference shares of face value €10.00 each, 30,000 series a optionally redeemable preference shares of face value €10.00 each, 30,000 series b optionally redeemable preference shares of face value €10.00 each and 380,000 series c optionally redeemable preference shares of face value €10.00 each, constituting 100% issued and paid-up share capital of Sansera Engineering Private Limited, Mauritius.

(c) Sansera Sweden AB

Sansera Sweden AB was incorporated on March 24, 2009 as a private limited company under Sweden Companies Act, 2001. Sansera Sweden AB is engaged in manufacturing automobile components as authorized under the objects clause of its memorandum of association.. Our Company holds 100% of the issued and paid-up share capital in Sansera Engineering Private Limited, Mauritius which in turn holds 1,000 equity shares of face value of face value SEK 100.00 each, constituting 100% of the issued and paid-up share capital of Sansera Sweden AB.

As on the date of this Preliminary Placement Document, we do not have any Material Subsidiaries.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association. In accordance with the Articles of Association, our Company is required to have not less than three and not more than 15 Directors, provided that our Company may appoint more than 15 Directors after passing a special resolution in a general meeting of our Shareholders.

As on the date of this Preliminary Placement Document, our Board comprises of six Directors, comprising of three Executive Directors and three Non-executive Independent Directors, including one woman Independent Director.

The following table sets forth details regarding our Board of Directors as on the date of this Preliminary Placement Document:

S. No.	Name, age, date of birth, address, occupation, period of directorship, DIN and nationality	Designation and term
1.	**Subramonia Sekhar Vasan** **Age**: 71 years **Date of birth**: March 2, 1953 **Address**: #51, Oriental Home, Ranga Rao Road, Basavangudi, Bangalore South, Bengaluru 560 004, Karnataka, India **Occupation**: Business **Period of directorship**: Director since December 15, 1981* **DIN**: 00361245 **Nationality**: Indian	**Designation**: Chairman and Managing Director **Current term**: For a period of five years with effect from July 8, 2020 and liable to retire by rotation
2.	**Fatheraj Singhvi** **Age**: 69 years **Date of birth**: March 15, 1955 **Address**: #416, Shanthi, 8 Vishranthi Enclave, Kanakpura Road, near Gokarting, Doddakallasandra, Bengaluru 560 062, Karnataka, India **Occupation**: Business **Period of directorship**: First appointed on March 3, 1991.* Vacated office on June 11, 2018. Reappointed with effect from August 6, 2019. **DIN**: 00233146 **Nationality**: Indian	**Designation**: Joint Managing Director **Current term**: For a period of five years with effect from August 6, 2024 and liable to retire by rotation
3.	**Bindiganavile Raghunath Preetham** **Age**: 53 **Date of birth**: October 12, 1970 **Address**: #120, 5th cross, Duo Heights Residential Layout, Begur, Bangalore 560068, Karnataka, India **Occupation**: Service	**Designation**: Whole-time Director and Group CEO **Current term**: For a period of five years with effect from September 8, 2023 and liable to retire by rotation

	Period of directorship: Appointed with effect from September 8, 2023 for a period of five years **DIN**: 03499506 **Nationality***:* Indian	
4.	**Muthuswami Lakshminarayan** **Age***:* 78 **Date of birth**: September 7, 1946 **Address**: #464 7th main, NGEF Layout, Sadanandanagar, Bangalore North, Indiranagar, Bengaluru 560038, Karnataka, India **Occupation**: Service **Period of directorship**: Appointed with effect from July 28, 2018 for a period of three years. Re-appointed for a period of five years i.e. from July 28, 2021 to July 27, 2026. **DIN**: 00064750 **Nationality***:* Indian	**Designation***:* Independent Director **Current term***:* For a period of five years with effect from July 28, 2021 and not liable to retire by rotation.
5.	**Revathy Ashok** **Age**: 65 **Date of birth**: January 16, 1959 **Address**: 139/6-2, Domlur Layout, Trinity Golf Links Apartments, Domlur, Bangalore North, Bangalore 560071, Karnataka, India **Occupation**: Professional **Period of directorship**: Appointed with effect from July 28, 2018 for a period of three years. Re-appointed for a period of five years i.e. from July 28, 2021 to July 27, 2026. **DIN**: 00057539 **Nationality***:* Indian	**Designation***:* Independent Director **Current term**: For a period of five years with effect from July 28, 2021 and not liable to retire by rotation.
6.	**Samir Purushottam Inamdar** **Age***:* 66 years **Date of birth**: July 30, 1958 **Address**: G-19 Epsilon, Yemalur Main Road, Near Logical Software, Marathahalli Colony, Bangalore North, Bangalore 560037, Karnataka, India **Occupation**: Business **Period of directorship**: Appointed with effect from May 23, 2022 for a period of five years **DIN**: 00481968 **Nationality***:* Indian	**Designation***:* Independent Director **Current term***:* For a period of five years with effect from May 23, 2022 and not liable to retire by rotation

** Copies of Board resolution, Shareholders' resolution and Form 32 filed with the RoC in relation to the appointment of Subramonia Sekhar Vasan at the time of incorporation are not traceable. For further details, see, "Risk Factors – Our Company was incorporated in 1981 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation." on page 77.*
 # Copies of Board resolution, Shareholders' resolution and Form 32 filed with the RoC in relation to the appointment Fatheraj Singhvi as a director on March 3, 1991 are not traceable. For further details, see, "Risk Factors - Our Company was incorporated in 1981 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation." on page 77.

Relationship between our Directors and/or Directors and Key Managerial Personnel / Senior Management Personnel

None of our Directors are related to each other or to any of the Key Managerial Personnel and the Senior Management Personnel.

Biography of Directors

Subramonia Sekhar Vasan is the Chairman and Managing Director of our Company. He has been associated with our Company since December 15, 1981. He presides over the Board and general meetings and is responsible for overall management, day to day operations and strategic decision making of our Company.

Fatheraj Singhvi is the Joint Managing Director of our Company. He has been associated with our Company since March 3, 1991. He is responsible for overall management, day to day operations and strategic decision making of our Company.

Bindiganavile Raghunath Preetham is the Whole-time Director and Group CEO of our Company. He has been associated with our Company since September 28, 1992. He is responsible for overseeing all areas of Company's business including developing and maintaining relationships with our companies and suppliers.

Muthuswami Lakshminarayan is an Independent Director of our Company. He has been associated with our Company since July 28, 2018.

Revathy Ashok is an Independent Director of our Company. She has been associated with our Company since July 28, 2018.

Samir Purushottam Inamdar is an Independent Director of our Company. He has been associated with our Company since May 23, 2022.

Terms of appointment of our Directors

a) **Terms of employment of our Executive Directors**

Subramonia Sekhar Vasan, Chairman and Managing Director

Subramonia Sekhar Vasan has been appointed as the Chairman and Managing Director for a period of five years with effect from July 8, 2020 pursuant to resolutions of the Board and Shareholders dated September 8, 2020 and December 24, 2020, respectively. He receives remuneration from our Company in accordance with the Board resolution dated September 8, 2020 and Shareholders' resolutions dated December 24, 2020 and September 8, 2023 read with resolution of our Board dated May 16, 2024. The details of the remuneration that Subramonia Sekhar Vasan is entitled to are enumerated below:

Particulars	Remuneration
Salary	₹35.00 million per annum
Commission	Not exceeding ₹15.00 million per annum
Benefits, perquisites and allowances	He is entitled to receive benefits, perquisites and allowances including inter alia (i) allowances, contribution towards provident fund, superannuation fund or annuity fund and gratuity fund, as per the rules of our Company; (ii) mediclaim insurance premium per month; (iii) leave in accordance with the rules of our Company. Privilege leave earned but not availed is encashable, in accordance with the rules of our Company; and (iv) carpool, travel expenditure, excluding personal travel, facilities of any one club for business purposes and personal security.

Fatheraj Singhvi, Joint Managing Director

Fatheraj Singhvi was re-appointed as the Joint Managing Director of our Company for a period of five years with effect from August 6, 2024, pursuant to the resolutions passed by our Board and our Shareholders on February 12, 2024 and March 28, 2024, respectively. He receives remuneration from our Company in accordance with the Board resolution dated February 12, 2024 and Shareholders' resolution dated March 28, 2024 read with resolution of our Board dated May 16, 2024. The details of the remuneration that Fatheraj Singhvi is entitled to are enumerated below:

Particulars	Remuneration
Salary	₹35.00 million per annum
Commission	Not exceeding ₹15.00 million per annum
Annual increments	The salary and commission as stated above will be increased every year within the range prescribed above during the term of Fatheraj Singhvi's reappointment as may be decided by the Board on the recommendation of Nomination and Remuneration Committee which will be based on merits and considering our Company's and Fatheraj Singhvi's performance, market conditions, etc., without seeking fresh approval every year from the Shareholders, subject to the conditions that the total remuneration payable to him is within the prescribed limits of the Companies Act, 2013 or SEBI Listing Regulations.
Benefits, perquisites and allowances	He is entitled to receive benefits, perquisites and allowances including inter alia (i) allowances, contribution towards provident fund, superannuation fund or annuity fund and gratuity fund; (ii) mediclaim insurance premium per month; (iii) leave in accordance with the rules of our Company. Privilege leave earned but not availed is cashable; and (iv) carpool, travel expenditure (excluding personal travel), facilities of any one club and personal security.

Bindiganavile Raghunath Preetham, Whole-time Director and Group CEO

Bindiganavile Raghunath Preetham was appointed as the Executive Director of our Company and was further designated as the Whole-time Director of our Company, pursuant to the resolutions passed by our Board on August 1, 2023 and by our Shareholders on September 8, 2023. He receives remuneration from our Company in accordance with the Board resolutions dated August 1, 2023 and Shareholders' resolution dated September 8, 2023 read with the resolution of our Board dated May 16, 2024. The details of the remuneration that Bindiganavile Raghunath Preetham is entitled to are enumerated below:

Particulars	Remuneration
Salary	₹30.00 million per annum
Commission	Not exceeding ₹10.00 million per annum
Annual increments	The salary and commission as stated above will be increased or revised every year effective from April month by the Board or the Nomination and Remuneration Committee after proper evaluation including company's performance, market conditions etc., without seeking fresh approval every year from the Shareholders, subject to the conditions that the total remuneration payable to Bindiganavile Raghunath Preetham is within the prescribed limits of the Companies Act or the SEBI Listing Regulations.
Benefits, perquisites and allowances	He is entitled to receive benefits, perquisites and allowances including inter alia (i) allowances, contribution towards provident fund, superannuation fund or annuity fund and gratuity fund; (ii) mediclaim insurance premium per month; (iii) leave in accordance with the rules of our Company. Privilege leave earned but not availed is cashable; (iv) carpool, travel expenditure (excluding personal travel), facilities of any one club and personal security; and (v) options under our Company's employee stock option plan.

b) **Sitting fee details for our Non-executive and Independent Directors**

Pursuant to the Board resolution dated May 16, 2024, each Non-Executive, Independent Director is entitled to receive sitting fees of ₹75,000 per meeting for attending each meeting of the Board and Committees of the Board. Further, pursuant to the Board resolution dated May 16, 2024 and Shareholders' resolution dated September 26, 2024, the Independent Directors are entitled to fixed commission of ₹3.00 million per annum or such other amount as may be determined by the Board from time to time, which shall not exceed 1% per annum of the net profits of the Company payable to all Independent Directors, within the limits prescribed under the Companies Act, and the rules made thereunder. Further, the Independent Directors do not receive any other remuneration.

c) **Remuneration paid to our Directors in the last three Fiscals:**

The total remuneration paid to our Executive Directors for their services in their respective capacities to our Company, including contingent or deferred compensation, accrued to our Executive Directors, in Fiscals 2024, 2023 and 2022 are set out in the table below:

(in ₹ million)

S. No.	Director	Remuneration paid in Fiscal		
		2024	2023	2022
1.	Subramonia Sekhar Vasan	24.89	14.89	14.89
2.	Fatheraj Singhvi	24.89	14.89	14.89
3.	Bindiganavile Raghunath Preetham	279.87^	135.42^	43.86^

^ Including perquisites

The details of remuneration paid to our Independent Directors in Fiscals 2024, 2023 and 2022 are as follows:

(in ₹ million)

S. No.	Name of Director	Fiscal 2024		Fiscal 2023		Fiscal 2022	
		Sitting fees	Commission	Sitting fees	Commission	Sitting fees	Commission
1.	Muthuswami Lakshminarayan	0.76	1.50	0.26	1.20	0.30	1.20
2.	Revathy Ashok	0.78	1.50	0.25	1.20	0.33	1.20
3.	Samir Purushottam Inamdar	0.38	2.40	0.16	1.00	NA	NA

Payment or benefit to Directors

In Fiscal 2024, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. The table below sets forth details of Equity Shares held by the Directors of the Company as of the date of filing this Preliminary Placement Document:

S. No.	Name of the Director	Number of Equity Shares held	Percentage of the pre-Issue issued and paid-up Equity Share capital (%)
1.	Subramonia Sekhar Vasan	10,249,531	18.98
2.	Fatheraj Singhvi	2,795,549*	5.18
3.	Bindiganavile Raghunath Preetham	261,802	0.48
4.	Muthuswami Lakshminarayan	1,253	Negligible
5.	Samir Purushottam Inamdar	657	Negligible
6.	Revathy Ashok	306	Negligible

** Pursuant to the provisions of a memorandum of understanding executed between Fatheraj Singhvi and the Singhvi Family Shareholders, dated May 15, 2013, Fatheraj Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by Singhvi Family Shareholders.*

Interest of Directors

Our Independent Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in "*– Payment or benefits to Directors*" on page 314.

Our Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent of benefits arising out of such shareholding and to the extent of the transactions entered into in the ordinary course of business with the companies in which our Directors hold directorship, or to the extent the Equity Shares that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Issue. Our Directors may also be deemed to be interested to the extent of dividend payable to them and other distributions in respect of such

Equity Shares.

Except for Subramonia Sekhar Vasan and Fatheraj Singhvi, who are two of the Promoters of our Company, none of our Directors have any interest in the promotion of our Company.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. No payments have been made to them in respect of any such contracts, agreements or arrangements, or are proposed to be made with them. Further, our Company has neither availed of any loans from, nor extended any loans to our Directors, which are currently outstanding.

Related Party Transactions

For details in relation to the related party transactions entered into by the Directors with our Company during the last three Fiscals immediately preceding the year of circulation of this Preliminary Placement Document, please see "*Related Party Transactions*" on page 54.

Corporate Governance

Our Board presently consists of six Directors. In compliance with the requirements of the SEBI Listing Regulations, there are three Independent Directors on our Board, including a woman Director.

We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and other applicable SEBI Regulations in respect of corporate governance, including constitution of the Board and committees thereof. Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The statutory committees of our Board are:

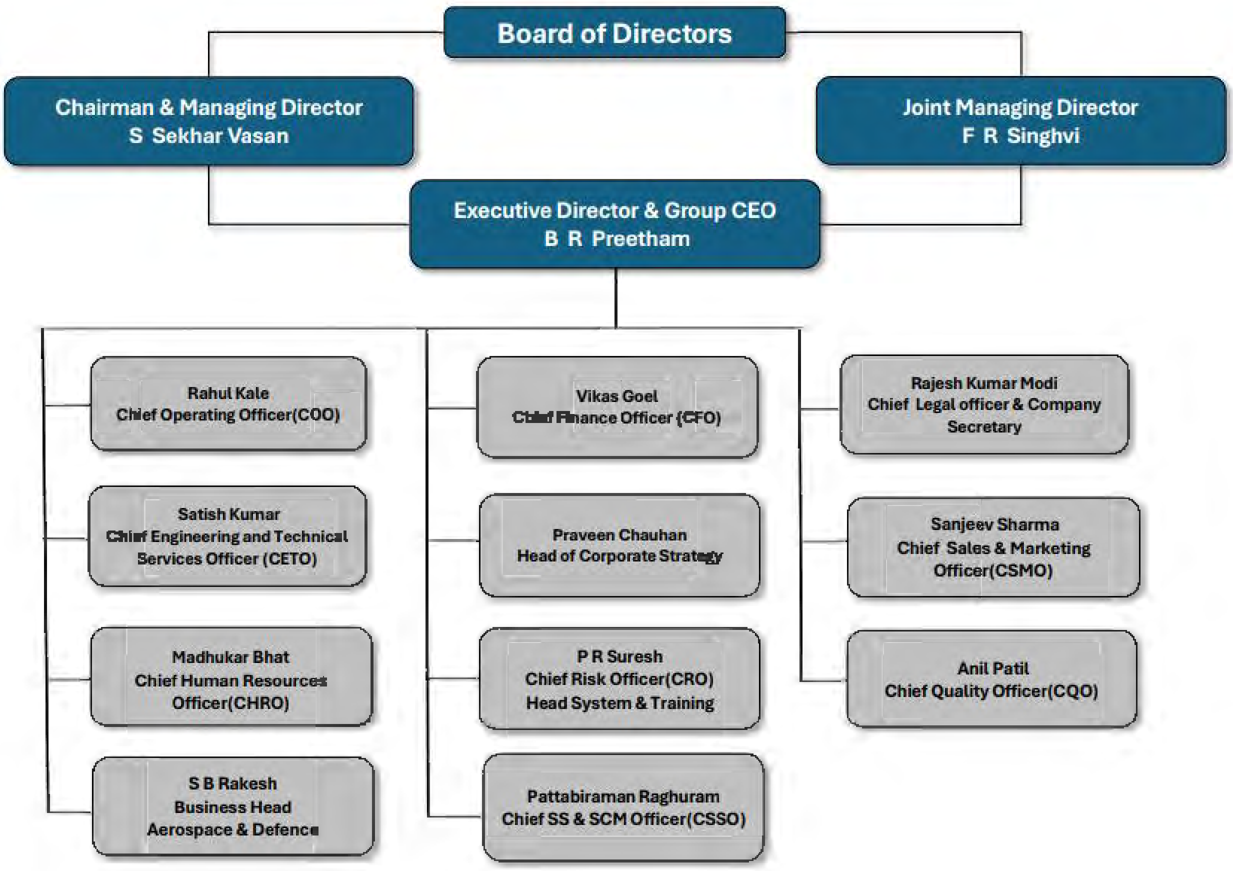
(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Stakeholders' Relationship Committee;
(d) Corporate Social Responsibility Committee;
(e) Environmental, Social and Governance ("**ESG**") Committee; and
(f) Risk Management Committee

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

S. No.	Committee	Name and Designation in the Committee
1.	Audit Committee	(i) Revathy Ashok, Chairman (ii) Muthuswami Lakshminarayan, Member (iii) Samir Purushottam Inamdar, Member
2.	Nomination and Remuneration Committee	(i) Samir Purushottam Inamdar, Chairman (ii) Revathy Ashok, Member (iii) Muthuswami Lakshminarayan, Member
3.	Stakeholders' Relationship Committee	(i) Muthuswami Lakshminarayan, Chairman (ii) Subramonia Sekhar Vasan, Member (iii) Samir Purushottam Inamdar, Member
4.	Corporate Social Responsibility Committee	(i) Subramonia Sekhar Vasan, Chairman (ii) Fatheraj Singhvi, Member (iii) Revathy Ashok, Member
5.	ESG Committee	(i) Muthuswami Lakshminarayan, Chairman (ii) Fatheraj Singhvi, Member (iii) Revathy Ashok, Member

S. No.	Committee	Name and Designation in the Committee
6.	Risk Management Committee	(i) Samir Purushottam Inamdar, Chairman (ii) Bindiganavile Raghunath Preetham, Member (iii) Muthuswami Lakshminarayan, Member

Management Organisation Structure



Key Managerial Personnel

In addition to Subramonia Sekhar Vasan, Fatheraj Singhvi and Bindiganavile Raghunath Preetham, our Executive Directors, our other Key Managerial Personnel as on the date of this Preliminary Placement Document are as set forth below:

Vikas Goel is the Chief Financial Officer of our Company. He has been associated with our Company since July, 2019. He is responsible for supervising the affairs of the finance department of our Company.

Rajesh Kumar Modi is the Company Secretary and Compliance Officer of our Company and has been associated with our Company since December 14, 2018. He is responsible for overall legal, secretaries and compliance function of our Company.

Senior Management Personnel

In addition to Bindiganavile Raghunath Preetham, our Whole-time Director and Chief Executive Officer, Vikas Goel, our Chief Financial Officer and Rajesh Kumar Modi, our Company Secretary and Compliance Officer, whose details are provided in *"– Board of Directors*" and "*– Key Managerial Personnel*" above, respectively, the details of our other members of the Senior Management Personnel as on the date of this Preliminary Placement Document are as set forth below:

Rahul Kale is the chief operating officer of our Company. He has been associated with our Company since September 5, 2024. He is responsible for operation of manufacturing facilities of our Company.

Satish Kumar is the chief engineering and technical services officer of our Company. He has been associated with our Company since September 27, 2004. He is responsible for supervising the affairs of business development of our Company.

Madhukar Bhat is the chief human resource officer of our Company. He has been associated with our Company since April 15, 2024. He is responsible for overall management of human resources of our Company.

S B Rakesh is the business head – aerospace and defence of our Company. He has been associated with our Company since February 20, 2015. He is responsible for supervising the affairs of aerospace division of our Company.

Praveen Chauhan is the head of corporate strategy of our Company. He has been associated with our Company since August 1, 2004. He is responsible for supervising the affairs of our Company's plant operations.

P R Suresh is the chief risk officer and head – system and training of our Company. He has been associated with our Company since March 1, 1992. He is responsible for supervising the affairs of corporate training and quality systems department of our Company.

Pattabhiraman Raghuram is the chief strategic sourcing and supply chain management officer of our Company. He has been associated with our Company since September 11, 2023. He is responsible for sourcing and managing the supply chain function of our Company.

Sanjeev Sharma is the chief sales and marketing officer of our Company. He has been associated with our Company since March 1, 2007. He is responsible for overall sales and marketing of our Company.

Anil Patil is the chief quality officer of our Company. He has been associated with our Company since September 1, 2023. He is responsible for quality management at our manufacturing facilities.

None of our Key Managerial Personnel or Senior Management Personnel are related to each other or to the Directors of our Company.

Except Praveen Chauhan, who has been appointed as a consultant on retainer basis, all our Key Managerial Personnel and Senior Management Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel and Senior Management Personnel

Except as disclosed under "– *Shareholding of Directors in our Company*" on page 314 and except as disclosed below, none of the Key Managerial Personnel and Senior Management Personnel hold any Equity Shares as on the date of this Preliminary Placement Document.

S. No.	Name	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Praveen Chauhan	163,941	0.30
2.	Vikas Goel	17,200	0.03
3.	S B Rakesh	16,784	0.03
4.	Rajesh Kumar Modi	2,000	Negligible
5.	Satish Kumar	552	Negligible
6.	P R Suresh	190	Negligible
7.	Madhukar Bhat	5	Negligible

Interests of Key Managerial Personnel and Senior Management Personnel

Our Key Managerial Personnel and Senior Management Personnel (other than Subramonia Sekhar Vasan, Chairman and Managing Director and Fatheraj Singhvi, Joint Managing Director, who are also some of our Promoters) do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel and Senior Management Personnel. None of the Key Management Personnel or the Senior Management Personnel have been paid any consideration of any nature from our Company other than their remuneration.

They may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent of benefits arising out of such shareholding and to the extent of the transactions entered into in the ordinary course of business with the companies in which they hold directorship, or to the extent the Equity Shares that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Issue. Our Key Managerial Personnel and Senior Management Personnel may also be deemed to be interested to the extent of dividend payable to them and other distributions in respect of such Equity Shares.

Except as provided in "*Related Party Transactions*" on page 54, our Key Managerial Personnel and Senior Management Personnel do not have any interest in our Company.

Other Confirmations

Except as otherwise stated above in "*– Interest of Directors*", and "*– Interests of Key Managerial Personnel and Senior Management Personnel*", none of our Directors, Promoters, Key Managerial Personnel or Senior Management Personnel have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

None of our Company, the Directors or the Promoters have been identified as wilful defaulter or fraudulent borrower.

None of our Company, the Directors or the Promoters are debarred from accessing capital markets under any order or direction made by SEBI. Further, none of our Promoters or Directors is a fugitive economic offender.

None of the Directors, Promoters, Key Managerial Personnel or Senior Management Personnel intend to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct to regulate, monitor and report trading in securities of the Company by insiders, as approved by our Board on March 18, 2021, which lays down the procedure for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information. Our Company Secretary and Compliance Officer acts as the compliance officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following tables present information regarding the ownership of Equity Shares by the Shareholders as of September 30, 2024:

Table I – Summary statement holding of specified securities:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoters & Promoter Group	6	18,779,178	18,779,178	34.78	18,779,178	34.78	18,779,178
(B) Public	69,219	35,219,146	35,219,146	65.22	35,219,146	65.22	35,001,646
(C1) Shares underlying DRs	-	-	-	0.00	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-	0.00	-
(C) Non Promoter - Non Public	-	-	-	0.00	-	0.00	-
Grand Total	**69,225**	**53,998,324**	**53,998,324**	**100.00**	**53,998,324**	**100.00**	**53,780,824**

Note: C=C1+C2
Grand Total=A+B+C

Table – II - Statement showing shareholding pattern of the Promoters and Promoter Group:

	Category and name of the shareholders	Entity type i.e. Promoter or promoter group entity (except promoters)	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities		No. of equity shares held in dematerialized form
							No. of voting rights	Total as a % of Total voting rights	
							Class X		
A(1)	Indian								
	Individuals / Hindu Undivided Family		4	18,067,003	18,067,003	33.46	18,067,003	33.46	18,067,003
1.	Subramonia Sekhar Vasan	Promoter	1	10,249,531	10,249,531	18.98	10,249,531	18.98	10,249,531
2.	Unni Rajagopal K	Promoter	1	2,845,549	2,845,549	5.27	2,845,549	5.27	2,845,549
3.	Fatheraj Singhvi	Promoter	1	2,795,549	2,795,549	5.18	2,795,549	5.18	2,795,549
4.	Devappa Devaraj	Promoter	1	2,176,374	2,176,374	4.03	2,176,374	4.03	2,176,374
	Any other – Promoter Group		2	712,175	712,175	1.32	712,175	1.32	712,175
1.	P Singhvi Charitable Trust	Promoter Group	1	43,000	43,000	0.08	43,000	0.08	43,000
2.	D Devraj Huf	Promoter Group	1	669,175	669,175	1.24	669,175	1.24	669,175
	Sub Total (A) (1)		6	18,779,178	18,779,178	34.78	18,779,178	34.78	18,779,178
A(2)	Foreign		-	-	-	0.00	-	0.00	-
	A = A1 + A2		**6**	**18,779,178**	**18,779,178**	**34.78**	**18,779,178**	**34.78**	**18,779,178**

Table III - Statement showing shareholding pattern of the Public shareholder:

Category and Name of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
B(1) Institutions (Domestic)							
Mutual Funds	**16**	**12,226,680**	**12,226,680**	**22.64**	**12,226,680**	**22.64**	**12,226,680**
SBI Automotive Opportunities Fund	1	800,000	800,000	1.48	800,000	1.48	800,000
Axis Mutual Fund Trustee Ltd A/C Axis Mutual Fund A/C Axis Flexi Cap Fund	1	3,299,748	3,299,748	6.11	3,299,748	6.11	3,299,748
DSP Small Cap Fund	1	3,407,762	3,407,762	6.31	3,407,762	6.31	3,407,762
Kotak Small Cap Fund	1	3,618,615	3,618,615	6.70	3,618,615	6.70	3,618,615
Alternate Investment Funds	**17**	**1,582,652**	**1,582,652**	**2.93**	**1,582,652**	**2.93**	**1,582,652**
Pioneer Investment Fund Scheme II	1	583,989	583,989	1.08	583,989	1.08	583,989
Insurance Companies	**3**	**3,723,786**	**3,723,786**	**6.90**	**3,723,786**	**6.90**	**3,723,786**
ICICI Prudential Life Insurance Company Limited	1	1,085,310	1,085,310	2.01	1,085,310	2.01	1,085,310
SBI Life Insurance Co. Ltd	1	1,316,345	1,316,345	2.44	1,316,345	2.44	1,316,345
HDFC Life Insurance Company Limited	1	1,322,131	1,322,131	2.45	1,322,131	2.45	1,322,131
NBFCs registered with RBI	**1**	**15,000**	**15,000**	**0.03**	**15,000**	**0.03**	**15,000**
Sub Total B1	**37**	**17,548,118**	**17,548,118**	**32.50**	**17,548,118**	**32.50**	**17,548,118**
B(2) Institutions (Foreign)							
Foreign Portfolio Investors Category I	**94**	**10,231,803**	**10,231,803**	**18.95**	**10,231,803**	**18.95**	**10,231,803**
Border To Coast Emerging Markets Equity Fund, A Sub Fund Of Border To Coast Authorised Contractual Scheme	1	818,790	818,790	1.52	818,790	1.52	818,790
Custody Bank Of Japan, Ltd. Re: Rb Amundi India Small Cap Equity Mother Fund	1	1,100,000	1,100,000	2.04	1,100,000	2.04	1,100,000
Invesco India Equity Fund	1	1,190,000	1,190,000	2.20	1,190,000	2.20	1,190,000
Kotak Funds - India Midcap Fund	1	3,272,339	3,272,339	6.06	3,272,339	6.06	3,272,339
Foreign Portfolio Investors Category II	**10**	**302,714**	**302,714**	**0.56**	**302,714**	**0.56**	**302,714**
Sub Total B2	**104**	**10,534,517**	**10,534,517**	**19.51**	**10,534,517**	**19.51**	**10,534,517**
B(3) Central Government / State Government(s) / President of India	**1**	**33,658**	**0.06**	**33,658**	**33,658**	**0.06**	**33,658**
B(4) Non-Institutions							
Key Managerial Personnel	2	263,802	263,802	0.49	263,802	0.49	263,802
Resident Individuals holding nominal share capital up to ₹2 lakhs	65,736	4,595,042	4,595,042	8.51	4,595,042	8.51	4,595,042
Resident Individuals holding nominal share capital in excess of ₹2 lakhs	4	672,891	672,891	1.25	672,891	1.25	672,891
Non-Resident Indians (NRIs)	1,492	302,462	302,462	0.56	302,462	0.56	302,462
Foreign Companies	1	217,500	217,500	0.40	217,500	0.40	-
Bodies Corporate	299	779,648	779,648	1.44	779,648	1.44	779,648
Any Other	1,543	271,508	271,508	0.50	271,508	0.50	271,508
Clearing Members	2	6,217	6,217	0.01	6,217	0.01	6,217
HUF	1,508	234,597	234,597	0.43	234,597	0.43	234,597
Bodies Corporate	31	23,790	23,790	0.04	23,790	0.04	23,790
Trusts	2	6,904	6,904	0.01	6,904	0.01	6,904
Sub Total B4	**69,077**	**7,102,853**	**7,102,853**	**13.15**	**7,102,853**	**13.15**	**6,885,353**
B = B1 + B2 + B3 + B4	**69,219**	**35,219,146**	**35,219,146**	**65.22**	**35,219,146**	**65.22**	**35,001,646**

Table – IV – Details of shareholding pattern of the non-Promoter-non-public shareholders

Category and Name of the Shareholders (I)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (IX)
C1) Custodian / DR Holder	0	0	0	0	0
C2) Employee Benefit Trust	0	0	0	0	0
C = C1 + C2	0	0	0	0	0

Table – V - Details of disclosure made by the trading members holding 1.00% or more of the total number of shares of our Company as on September 30, 2024

Sl. No	Name of the trading member	Name of the beneficial owner	Number of shares held	% of total number of shares	Date of reporting by the trading member
-	NIL	NIL	NIL	NIL	NIL

Table – VI - Details of the significant beneficial owners as of September 30, 2024 - NIL

Table – VII – Statement showing foreign ownership limits

	Approved Limits (%)	Limits Utilized (%)
As on shareholding date	73.00	20.47
As on the end of previous 1st quarter	73.00	16.51
As on the end of previous 2nd quarter	73.00	23.09
As on the end of previous 3rd quarter	73.00	23.65
As on the end of previous 4th quarter	73.00	29.76

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers 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. Our Company, the Book Running Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 343 and 353, respectively.

Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, our Company may issue equity shares to Eligible QIBs provided that certain conditions are met by our Company. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of the Equity Shares is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the Issue or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek approval of our Shareholders for the above-mentioned special resolution. This is not applicable to such companies who propose to undertake qualified institutional placement for complying with the minimum public shareholding requirements specified in the SCRR;

- invitation to apply in the Issue must be made through a private placement offer-cum-application form (i.e., this Preliminary Placement Document) and the Application Form, serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer made, except as permitted under the Companies Act, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed under the Companies Act;

- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- in accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited

- our Promoters and Directors have not been declared as ‘fraudulent borrowers’ by lending banks or financial institution or consortium thereof, in terms of RBI master circular dated July 1, 2016; and

- our Promoters and our Directors are not Fugitive Economic Offenders.

At least 10.00% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise their Bids downwards after the Bid / Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer’s equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of up to 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated August 20, 2024, and our Shareholders by way of a special resolution at the AGM held on September 26, 2024, have authorised our Board to decide the quantum of discount of up to five percent of the Floor Price at the time of determination of the Issue Price. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as per the provisions under Regulation 176(4) of the SEBI ICDR Regulations.

The “Relevant Date” referred to above means the date of the meeting in which the Board or a duly authorized committee decides to open the Issue and “Stock Exchange” means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders’ resolution approving the Issue, being September 26, 2024, and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information required under the applicable law including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement

Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500.00 million; and
- five, where the issue size is greater than ₹2,500.00 million.

No single Allottee shall be Allotted more than 50.00% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "– *Bid Process - Application Form*" on page 332.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on August 20, 2024, and our Shareholders by way of a special resolution at the AGM held on September 26, 2024.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue. Bidders who are AIFs should also ensure compliance with the provisions of SEBI circular number SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/135 dated October 8, 2024, to the extent applicable.

The Equity Shares offered in the Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, outside India, except in compliance with the applicable laws of such jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in 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 any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain other jurisdictions, see "*Selling Restrictions*" on page 343. The Equity Shares are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 343 and 353, respectively.

Issue Procedure

1. On the Bid / Issue Opening Date, our Company and the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have

been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act and the PAS Rules.

2. The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by our Company at its sole discretion, in consultation with the Book Running Lead Managers. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid / Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the application form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid / Issue Period to the Book Running Lead Managers.

5. Bidders will be required to indicate the following in the Application Form:

   - a representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S, and it has agreed to certain other representations set forth in the "*Representations by Investors*", on page 7, "*Selling Restrictions*" on page 343 and "*Purchaser Representations and Transfer Restrictions*" on page 353 and certain other representations set forth in the Application Form;

   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - Equity Shares held by the Bidder in our Company prior to the Issue;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document.

   NOTE**:** *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the 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 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 for which the Bid has been made. Application by* *various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

6. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "*SANSERA ENGINEERING LTD – QIP ESCROW A/C*" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid / Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 337.

7. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

8. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or before the Bid / Issue Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers on behalf of our Company will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of this Preliminary Placement Document and the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the Book Running Lead Managers.**

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it.

10. Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the 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 SEBI.

11. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 337.

Eligible QIBs

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- 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;
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹250.00 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;

- provident funds with minimum corpus of ₹250.00 million;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies; and
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue. Bidders who are AIFs should also ensure compliance with the provisions of SEBI circular number SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/135 dated October 8, 2024, to the extent applicable.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control shall be treated as part of the same investor group) must be below 10% of our post-Issue Equity Share capital of our Company.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100.00% under the automatic route. As of September 30, 2024, the aggregate FPI shareholding in our Company is 19.51% of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see "*Shareholding Pattern of our Company*" on page 321.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10.00% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis. In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations and FEMA Rules. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner directly or indirectly, of more than fifty percent or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed Central Depository Services (India) Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate FPI/NRI or foreign investment of a company reaches a cut-off point, which is 3.00% or less than 3.00% of the aggregate NRI/FPI limits or the sectoral cap, a red flag shall be activated. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" page 343.

Please note that participation by non-residents in the Issue shall be in terms of Schedule I of the FEMA Rules. Participation by FPIs under Schedule II of the FEMA Rules, in the Issue shall be subject to limit of the individual holding of an FPI below 10.00% of the post-Issue paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 100.00% (sectoral limit of the sector in which our Company operates) of the paid-up capital of our Company. FVCIs are not permitted to participate in the Issue.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being our Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An

Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties, acknowledgements and undertakings, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 7, 343 and 353, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or members of the Promoter Group or persons related to the Promoters;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB or as specified in this Preliminary Placement Document;

8. The Bidder confirms that in the event it is resident outside India, it is not an FVCI;

9. Each Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. Each Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date;

11. Each Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. Each Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of

such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers.

13. Each Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50.00% of the Issue. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. Each Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

15. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

16. Each Eligible QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10.00% of the total issued share capital of our Company.

17. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) in our Company does not exceed 10.00% of the post-Issue paid-up capital of our Company on a fully diluted basis.

18. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

19. The Eligible QIB confirms that:

    (a) It is outside the United States and is subscribing to the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and

    (b) It has agreed to the representations set forth in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 343 and 353, respectively, and other representations made in the Application Form.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID / ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form, whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Securities and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the Book Running Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address(s):

Name	Address	Contact Person	Website and Email	Phone
ICICI Securities Limited	ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai – 400 025 Maharashtra, India	Ashik Joisar / Rupesh Kant	Website: www.icicisecurities.com E-mail: projectrockone@icicisecurities.com	Tel: +91 22 6807 7100
Nomura Financial Advisory and Securities (India) Private Limited	Ceejay House, Level 11 Plot F Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai – 400 018 Maharashtra, India	Vishal Kanjani	Website: www.nomuraholdings.com/company/group/asia/india/index.html E-mail: sanseraqip@nomura.com	Tel: +91 22 4037 4037

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the duly completed Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "*SANSERA ENGINEERING LTD – QIP ESCROW A/C*" with the Escrow Agent, in terms of the Escrow Agreements. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "*SANSERA ENGINEERING LTD – QIP ESCROW A/C*" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 337.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of our Shareholders, accorded by way of a special resolution at the AGM held on September 26, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board or a duly authorized committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, Company in consultation with Book Running Lead Managers has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the details of amount to be refunded, if any, probable

Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 4 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5.00% of the Equity Shares offered in the Issue, namely, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid / Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form, in the form and manner set out in the Refund Intimation Letter. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12.00% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws. No transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the Income Tax Act, 1961. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "– *Bid Process*" and "– *Refunds*" on pages 332 and 337, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Placement

The Book Running Lead Managers have entered into the Placement Agreement with our Company, pursuant to which the Book Running Lead Managers have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and, subject to certain conditions procure subscription for the Equity Shares to be issued pursuant to the Issue, on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Book Running Lead Managers and their respective affiliates may engage in transactions with and perform services for our Company and our Subsidiaries or Associate or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries or Associate or affiliates, for which they would have received compensation and may in the future receive compensation.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 13 and 7, respectively.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in 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 any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"* as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales are made.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers and their respective affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers and their respective affiliates may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of Offshore Derivative Instruments. Please see "*Offshore Derivative Instruments*" on page 13. From time to time, the Book Running Lead Managers and their respective affiliates and associates have engaged in or may in the future engage in transactions with and perform services, including but not limited to, investment banking, advisory, banking, trading services for our Company, our Subsidiaries, Associate affiliates and the Shareholders, as well as for their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates. For further details, see "*Use of Proceeds*" on page 94.

Lock-up

Our Company undertakes that it will not for a period of 180 days from the date of Allotment under the Issue, without the prior written consent of the BRLMs, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities convertible into or exercisable or exchangeable for Equity Shares, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Our Company confirms that as on the date of the Placement Document, it has not entered into discussions, agreements, schemes of mergers or amalgamations or any other similar arrangements with regards the aforementioned. Provided that, the foregoing restriction shall not apply to; (i) an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by our Company or (ii) any transaction required by law or an order of a court of law or a statutory authority.

Promoters Lock-up

Our Promoters jointly and severally, agrees that, without the prior written consent of the BRLMs, they will not, during the period commencing on the date hereof and ending 180 days after the date of Allotment of the Equity Shares pursuant to the Issue (the "**Lock-up Period**"), directly or indirectly, (a) sell, lend, contract to sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of the Lock – up Shares, (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares, or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Lock-up Shares, or such other securities convertible into or exercisable or exchangeable for Equity Shares, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) and (b) above. However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any inter-se transfers between the Promoters or any change in Applicable Law, post the date of execution of the Placement Agreement.

Provided, however, that none of the foregoing or below restrictions shall apply to:

i. any sale, transfer or disposition of any of the Lock-up Shares by the Promoters with prior written consent of the Book Running Lead Manager to the extent such sale, transfer or disposition is required by Applicable law;

ii. any sale, transfer or disposition of any of the Lock – up Shares amounting up to INR 1,000 million by the Promoters, whether individually or collectively, in one or more tranches; and

iii. any bona fide pledge or non-disposal undertaking of any of the Lock-up Shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the Promoters or the Company. In addition, each of our Promoters, jointly and severally, agrees that, without the prior written consent of the BRLM, they will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of the Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares in the Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction.

General

No action has been taken or will be taken by our Company or the BRLMs that would permit a public offering of the Equity Shares offered in the Issue to occur in any jurisdiction. Except for in India, no action has been taken or will be taken by our Company or the BRLMs that would permit the distribution of this Preliminary Placement Document in any jurisdiction where action for such purpose is required. The Equity Shares may not be offered or sold, directly or indirectly, and this Preliminary Placement Document may not be distributed in any jusrisdiction except under circumstances that will result in compliance with the applicable laws, rules and regulations of any such jurisdiction. Persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Each subscriber of the Equity Shares offered in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and in "*Notice to Investors*", "*Representations by Investors*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 7 and 353, respectively.

Republic of India

The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, or an advertisement and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Preliminary Placement Document and nothing in this Preliminary

Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Preliminary Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Preliminary Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

None of the Book Running Lead Managers or any of their affiliates is the holder of an Australian Financial Services Licence.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Preliminary Placement Document and the Equity Shares offered in the Issue have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Preliminary Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Preliminary Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Preliminary Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

British Virgin Islands

This Preliminary Placement Document is not an offer to sell, or a solicitation or invitation to make offers to purchase or subscribe for, the Equity Shares offered in the Issue in the British Virgin Islands (the "**BVI**"). This Preliminary Placement Document may not be sent or distributed to persons in the BVI and the Equity Shares are not available to, and no invitation or offer to subscribe, purchase or otherwise acquire the Equity Shares may be made to, persons in the BVI. However, the Equity Shares may be offered and sold to business companies incorporated in the BVI pursuant to the BVI Business Companies Act, international limited partnerships formed in the BVI pursuant to the Limited Partnership Act 1996 and limited partnerships formed in the BVI pursuant to the Limited Partnership Act, 2017 provided that any such offering and sale is made outside the BVI.

Cayman Islands

The Preliminary Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

People's Republic of China

This Preliminary Placement Document does not constitute an offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC or for the benefit of legal or natural persons in the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale.

Our Company, the Book Running Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Preliminary Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Preliminary Placement Document, they should obtain independent professional advice.

This Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

(b) in other circumstances which do not result in this Preliminary Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Preliminary Placement Document may issue, circulate or distribute this Preliminary Placement Document in Hong Kong or make or give a copy of this Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Equity Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Jordan

The Equity Shares offered in the Issue have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Preliminary Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange. The Equity Shares have not been and will not be offered, sold or promoted or advertised in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant thereto governing the issue of offering and sale of securities. Without limiting the foregoing, the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them.

Kuwait

This Preliminary Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Securities Commission Malaysia ("**SC**") under the Malaysian Capital Markets and Services Act 2007 (as amended) ("**CMSA**"). No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares offered in the Issue which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval or authorisation of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase the Equity Shares offered in the Issue in Malaysia. This Preliminary Placement Document does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the SC under the CMSA.

Accordingly, this Preliminary Placement Document and any other document or material in connection with the Issue will not be circulated or distributed, nor will the Equity Shares offered in the Issue be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the SC; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares offered in the Issue, as principal, if the offer is on terms that the Equity Shares offered in the Issue may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the SC; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares offered in the Issue is made by a holder of a Capital Markets Services License in Malaysia who carries on the business of dealing in securities.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Preliminary Placement Document is for the exclusive use of the person to whom it has been given by the Book Running Lead Managers and is a private concern between the sender and the recipient.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Preliminary Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Preliminary Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor have the Book Running Lead Managers received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. None of the Book Running Lead Managers is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. None of the Book Running Lead Managers advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of the Equity Shares in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the Book Running Lead Managers are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the Book Running Lead Managers are not, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Issue. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

In South Africa, the offering of the Equity Shares in the Issue will only be made by way of private placement to:

(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act of 2008, as amended (the "**South African Companies Act**"); and

(b) selected persons, acting as principal, acquiring Equity Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act,

and in each case to whom the offer of the Equity Shares will specifically be addressed, and only by whom the offer will be capable of acceptance (the "**South African Qualifying Investors**"). This Preliminary Placement Document is being made available only to such South African Qualifying Investors. The information contained in this Preliminary Placement Document does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Equity Shares or any other securities and is not an "offer to the public" as contemplated in the South African Companies Act. This Preliminary Placement Document does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act and no prospectus has been filed with the Companies and Intellectual Property Commission (the "**CIPC**") in respect of the Issue of the Equity Shares. As a result, this Preliminary Placement Document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC.

The information contained in this Preliminary Placement Document constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act of 2002, as amended (the "**FAIS Act**") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Equity Shares or in relation to the business or future investments is appropriate to the particular investment objectives, financial situation or needs of a prospective investor, and nothing in this Preliminary Placement Document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Our Company is not a financial services provider licenced as such under the FAIS Act.

South Korea (Republic of Korea)

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Company and the Book Running Lead Managers that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Preliminary Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, this Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document and nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial

Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Preliminary Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it and has no responsibility for it. Capitalised terms not otherwise defined in this Preliminary Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Company or the Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Document is directed only at relevant persons. Other persons should not act on this Preliminary Placement Document or any of its contents. This Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Purchaser Representations and Transfer Restrictions*" on page 353. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page [•].

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 343.

United States Transfer Restrictions

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted and acknowledged to and agreed with our Company and the Book Running Lead Managers as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- It was outside the United States at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States when its buy order for the Equity Shares offered in the Issue was originated.

- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).

- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or an available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold our Company and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

- It acknowledges that our Company, the Book Running Lead Managers and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares purchased in the Issue made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Regulations, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA and the SCRR empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company’s obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange’s governing body and withdraw recognition of a recognized stock exchange.

Further, the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended, governs the voluntary and compulsory delisting of equity shares from the stock exchanges. Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to the provisions of the SCRR, all listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25.00%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25.00% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such fall. However, every public sector listed company whose public shareholding falls below 25.00% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25.00%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time / price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Settlement

The stock exchanges in India operate on a trading day plus one, or T+1 rolling settlement system. At the end of the T+1 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Tuesday

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

The SEBI Takeover Regulations were further amended on June 22, 2020, to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the system driven disclosures.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"). The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Insider Trading Regulations prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

Buy-back

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, as amended and the Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹305,000,000 divided into 100,000,000 Equity Shares, having a face value of ₹2.00 each, 300,000 Series A CCPS of face value of ₹100.00 each, and 750,000 Series B CCPS of face value of ₹100.00 each. For further details please see "*Capital Structure*" on page 104.

Dividends

Under the Companies Act, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act, 2013. In addition, declaration and payment of dividends would be subject to our Dividend Distribution Policy. The dividend, if any, will depend on a number of factors, including but not limited to the profitable growth of our Company, the cash flow position of our Company, accumulated reserves, stability of earnings, future cash requirements, brand acquisitions, current and future leverage, deployment of funds in short term marketable instruments, capital expenditures, ratio of debt to equity, business cycles, economic environment, cost of external financing, applicable taxes including corporate tax on dividend, industry outlook for the future years, inflation rate, changes in the government policies, industry specific rulings and regulatory provisions and other factors considered relevant by our Board.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. Bonus shares cannot be issued in lieu of dividend.

According to the Articles of Association, dividends may be paid to the members according to their respective rights but the amount of dividend shall not exceed the amount recommended by our Board of Directors.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalise its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus, and (e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss and that such sum be available for distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. The aforesaid sum shall not be paid in cash but shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a share premium account and a capital redemption reserve fund may, be applied in the paying up of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days or such lesser number of days as may be prescribed under the Companies Act and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

Pursuant to the terms of our Articles of Association, our Company may, from time to time: (a) increase its share capital by such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled and any cancellation of shares in pursuance of this article shall not be deemed to be a reduction of share capital within the meaning of the Companies Act. Further, our Company may, subject to the applicable provisions of Section 66 of the Companies Act, from time to time, by special resolution, reduce (a) its share capital; (b) any capital redemption reserve account; (c) any share premium account; in any manner as permitted under the law, from time to time..

General meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95.00% of the shareholders entitled to vote. Further, a general meeting, other than an annual general meeting may be called after giving a shorter notice if consent is received, by the majority in number of shareholders of the company who are entitled to vote and who represent not less than 95.00% of the paid up share capital of the company. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with, unless exempted by appropriate authority.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Pursuant to the terms of our Articles of Association, and 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 present in person or proxy shall have one vote; and (b) on a poll or voting through electronic means, the voting rights of members shall be in proportion to their share in the paid-up equity share capital of our Company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than three and not more than 15. The Articles of Association also permit our Directors to appoint any other person as a director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number of 15, as fixed under the Articles of Association. However, any director so appointed shall hold office only up to the earlier of the date of the next AGM or at the last date on which the AGM should have been held but shall be eligible for appointment by the Company as a director at that meeting subject to the applicable provisions of the Companies Act.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as, shareholders, only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies 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. 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.

TAXATION

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SANSERA ENGINEERING LIMITED (“THE COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

To
The Board of Directors
Sansera Engineering Limited
Plant-7, No.143/A, Jigani Link Road,
Bommasandra Industrial Area,
Anekal Taluk,
Bengaluru – 560105

Dear Sirs,

Sub: Statement of possible Special Tax Benefits available to the Company and its equity shareholders under the direct and indirect tax laws (the “Statement”)

We refer to the proposed Qualified Institutions Placement of equity shares (the “**Issue**”) of Sansera Engineering Limited (formerly known as “Sansera Engineering Private Limited”) (**“Sansera”** or the **“Company”**). We enclose herewith the statement (the “**Annexure**”) showing the current position of possible special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by Finance Act (No. 2), 2024, i.e., applicable for the Financial Year 2024-25 and relevant Assessment Year 2025-26, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the “GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively the “**Taxation Laws**”) including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2025-26 relevant to the financial year 2024-25 for inclusion in the Preliminary Placement Document (**“PPD”**) and the Placement Document (“**PD**” together with PPD referred to as the “**Issue Documents**”) Qualified Institutional Placement offering of shares of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”).

Several of these benefits are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Taxation Laws. Hence, the ability of the Company and/or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions which is based on business imperatives the Company may face in the near future and accordingly, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. The Annexure covers only possible special direct and indirect tax benefits available and does not cover any general tax benefits available to the Company or its shareholders. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultants, with respect to the specific tax implications arising out of their participation in the Offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

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

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

- The Company or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing these possible special tax benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the ICDR Regulations.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its shareholders in the Issue Documents for the proposed Qualified Institutional Placement offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India and the National Stock Exchange of India Limited and BSE Limited (the "**Stock Exchanges**"), provided that the below statement of limitation is included in the Issue documents.

LIMITATIONS

Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of taxation laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the Annexure is on the express understanding that we do not assume responsibility towards the investors and third parties who may or may not invest in the qualified institutional placement offer relying on the Annexure. This statement has been prepared solely in connection with the proposed qualified institutional placement offering of equity shares of the Company under the ICDR Regulations.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Membership No. 47840)
UDIN:xxxxxxxxxxxxxxxxxxxx

Place: Bengaluru
Date: October 10, 2024
MP/MS/VJ/2024

ANNEXURE

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SANSERA ENGINEERING LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

The information provided below sets out the possible special direct tax benefits available to Sansera Engineering Limited ("Sansera" or the "Company") and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the Income-tax Act, 1961 ("the Act").

Several of these benefits are dependent on the Company / shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company / shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives, the Company / shareholder may or may not choose to fulfill.

We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in present or future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The statement outlined below is based on the provisions of the Act, as amended by the Finance Act (No. 2) 2024, that is applicable for Financial Year ("FY") ending March 31, 2025 relevant to the Assessment Year ("AY") 2025-26, as amended and presently in force in India.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL IN THEIR PARTICULAR SITUATION.

I. POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. Lower corporate tax rate under section 115BAA of the Act:

As per section 115BAA of the Act as inserted vide the Taxation Laws (Amendment) Act, 2019 with effect from FY 2019-20 relevant to AY 2020-21, a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 22% (plus surcharge of 10% and cess of 4%) provided the Company does not avail of specified exemptions/ Incentives under the Act:

- Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
- Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA (Deduction in respect of employment of new employees) and 80M (Deduction in respect of certain inter-corporate dividends)
- Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
- Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
- Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
- Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
- Deduction under section 35CCD (Expenditure on skill development)
- No set-off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above.
- No set-off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause

The provisions of section 115JB regarding Minimum Alternate Tax ("MAT") are not applicable if the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act. Further, the Company will not be entitled to claim tax credit relating to MAT.

The option needs to be exercised in the prescribed manner qua a particular AY on or before the due date of filing the income-tax return for such AY. The option once exercised shall apply to subsequent AYs and cannot be subsequently withdrawn for the same or any other AY. Further, if the conditions mentioned in section 115BAA of the Act are not satisfied in any AY, the option exercised shall become invalid in respect of such AY and subsequent AYs, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The Company has opted for the concessional rate of tax in the return of income filed for the previous year ended 31 March 2020 relevant to assessment year 2020-21 and for subsequent assessment years.

2. Deduction from Gross Total Income

a) Deduction under section 80M:

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1 April, 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act

b) Deduction under section 80JJAA:

The Company is entitled to claim a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA of the Act, subject to the fulfilment of prescribed conditions therein.

The deduction under section 80JJAA is available even if the Company opts for concessional tax rate under section 115BAA of the Act.

c) Amortization of specified expenditure under section 35D of the Act:

Subject to certain conditions, section 35D of the Act provides for deduction of specified preliminary expenditure incurred before the commencement of the business or after the commencement of business in connection with the extension of the undertaking or in connection with the setting up a new unit. The deduction allowable is equal to one-fifth of such expenditure incurred for each of the five successive previous years beginning with the previous year in which the business commences.

3. Share in profit/loss of firm/LLP

As per the provision of section 10(2A) of the Act, share in the total income of the partnership firm / limited liability partnership ("LLP") which is separately assessed as such, is exempt from tax in the hands of the Company being a partner in the partnership firm. However, no deduction is permitted in respect of expenditure incurred by the Company in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" needs to be determined in accordance with the provisions specified in section 14A of the

Act read with Rule 8D of the Income Tax Rules, 1962 ("IT Rules"). Further, as per the amendment made by the Finance Act, 2022; no deduction would be permitted in respect of expenditure incurred for earning exempt income even if such exempt income has not been received or accrued or arisen to the Company.

II. POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO SHAREHOLDERS

a) Dividend income earned by shareholders:

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. As per section 194 of the Act, the Company is required to deduct tax at source from the amount of dividend paid to shareholders, except in the case of certain categories of shareholders as specified in the said section which inter alia include individual shareholders receiving dividend not exceeding INR 5,000 (in aggregate during a FY) by any mode other than cash.

Further, as discussed above, subject to fulfillment of conditions, deduction shall be available under section 80M of the Act to domestic corporate shareholders in respect of inter-corporate dividends.

b) Short-term capital gains arising in the hands of the shareholders

As per Section 111A of the Act, short term capital gains arising from the transfer of an equity share shall be taxed at 20% (plus applicable surcharge and cess) subject to fulfilment of prescribed conditions under the Act, for transfers taking place on or after 23 July 2024.

c) Long-term capital gains arising in the hands of the shareholders

As per section 112A of the Act, long-term capital gains exceeding Rs.1,25,000 arising on the transfer of an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust, transacted through a recognized stock exchange on which Securities Transaction Tax (“STT”) has been paid, shall be chargeable to tax in the hands of the shareholder at the rate of 12.5% (plus applicable surcharge and cess) without applying the benefit under the first and second provisos to section 48 of the Act.

In case the long-term capital gains does not exceed Rs.1,25,000, there shall be no capital gain under section 112A of the Act.

The condition of STT shall not apply to a transfer undertaken on a recognized stock exchange located in any IFSC and where the consideration for such transaction is received or receivable in foreign currency.

Further, any income by way of capital gains or dividend accruing to non-residents may be subject to withholding tax per the provisions of the Act or under the relevant Double Taxation Avoidance Agreement (“DTAA”), whichever is beneficial to such non-resident. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders can also avail credit of any taxes paid by them, subject to local laws of the country in which such shareholder is resident.

d) Income from buy-back of shares

Vide Finance Act (No. 2) 2024, the provisions with respect to tax on buyback of shares in accordance with section 68 of the Companies Act, 2013 are amended effective 1 October 2024.

The exemption under section 10(34A) on buy-back is withdrawn and the amount paid to the shareholders on buy-back of shares will be deemed as dividend under section 2(22)(f). Further, under the amended provisions, no deduction will be allowed against the said dividend. Further, capital loss arising in hands of shareholder relating to cost of acquisition of shares will be allowed to be carried forward and set-off against other capital gains as per the provisions of the Act.

Notes:

1. We have not considered the general tax benefits available to the Company or shareholders of the Company.

2. The above Statement of possible special tax benefits sets out the provisions of Taxation Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares.

3. This Annexure 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 tax advisor with respect to specific taxes arising out of the shares allotted.

4. This statement does not discuss any tax consequences in a country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them.

5. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
   a. the Company or its shareholders will continue to obtain these benefits in future;
   b. the conditions prescribed for availing the benefits have been/ would be met with; and
   c. the revenue authorities/courts will concur with the view expressed herein.

6. The 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.

STATEMENT OF SPECIAL POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS

I. Special indirect tax benefits available to the Company

• The Company avails the benefit of Exports without payment of tax by furnishing Letter of Undertaking (LUT) and further claim refund of accumulated ITC under section 54 of CGST Act 2017.

• The Company has sold its used old car wherein it has availed the Exemption under Notification 8/2018 – Central Tax (Rate) dated January 25, 2018

• The Company has got 163 licenses under Export Promotion Capital Goods (EPCG) scheme towards import of capital goods, of which, 56 licenses are with concessional benefits and remaining 107 licenses are with full exemption. Hence, the company avails BCD exemption under Notification No. 103/2009-Customs and IGST exemption under Notification no. 79/2017-Customs dated October 13, 2017

• The Company avails the benefit of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme towards export of goods.

• The Company avails the benefit of Duty Drawback on Exported Products (DBK) scheme u/s 75 of Customs Act, 1962 towards export of goods.

• The Company avails the benefit of deferred customs duty payment being certified under Authorised Economic Operator (AEO) programme.

• The company has got 15 licenses under Advance Authorization (AA) scheme towards import of inputs wherein the company had availed benefit of the duty-free import of inputs for used for export of final products, under Notification 18/2015 – Customs dated April 01, 2015.

• The Company avails benefit under Customs Act, 1962 under the following exemption notifications for parts and components imported.

HSN Code	Parts and Components	Notification and Sl. No.
84571020	BROTHER COMPACT MACHINING CENTER	069/2011 Sl. No. 604
84581100	(LATHE)INTEGREX I-200H(590U)	069/2011 Sl. No. 604
84571020	FANUC ROBODRILL ALPHA-D21LIB PLUS	069/2011 Sl. No. 604
84621900	HOT FORGING PRESS JFP 4000 TON JNH MECHANICAL PRESS	152/2009 Sl. No. 744
68138100	BRAKE LINER FOR 2500 T PRESS	069/2011 Sl. No. 393
84621900	TON FORGINGS PRESS AUTOMATION	152/2009 Sl. No. 744

II. Special indirect tax benefits available to Shareholders

- • There are no special tax benefits available to the shareholders.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceedings and civil proceedings, which are pending before various adjudicating forums.

*As on the date of this Preliminary Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations. The SEBI ICDR Regulations mandate legal proceedings to be disclosed in accordance with the materiality policy framed under the SEBI Listing Regulations. In accordance with Regulation 30 of the SEBI Listing Regulations, all outstanding civil proceedings and claims related to involving outstanding direct and indirect tax proceedings (including show cause notices) (which includes cases filed by and against) our Company and Subsidiaries, where the amount involved exceeds 5% of average absolute value of profit or loss after tax in Fiscals 2022, 2023 and 2024 (such average absolute value being ₹1,559.27 million), which is equivalent to ₹77.96 million, or above ("**Materiality Threshold**") shall be considered material and shall be disclosed in this Preliminary Placement Document.*

In addition to disclosing cases above the Materiality Threshold involving our Company and Subsidiaries, our Company has also disclosed in this section (solely for the purpose of the Issue) to the extent applicable (i) all outstanding criminal litigations involving (which includes cases filed by and against) our Company and Subsidiaries; (ii) all outstanding actions (including show-cause notices received) initiated by any regulatory and/or statutory authorities such as SEBI (other than any consumer cases) or such similar authorities or Stock Exchanges, involving our Company and Subsidiaries; (iii) a consolidated disclosure of all claims related to outstanding direct and indirect tax proceedings (including show cause notices) involving our Company and Subsidiaries, giving the number of cases and total amount wherein the amount involved in each of such claims relating to outstanding direct and indirect tax proceedings are not exceeding the Materiality Threshold; (iv) any other outstanding litigation involving the Company, Subsidiaries or Directors or Promoters wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect business, prospects, reputation, operations or financial position of our Company on consolidated basis for the purposes of disclosure in this section of this Preliminary Placement Document.

Further, as on the date of this Preliminary Placement Document: (i) there is no litigation or legal action, pending or taken, by any ministry or department of the government or a statutory authority against our Promoters during the last three years and no directions have been issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or Subsidiaries; (iii) there are no outstanding defaults by our Company (on a consolidated basis) including therein the amount involved, duration of default and present status, in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon; or loan from any bank or financial institution and interest thereon; (iv) there are no material frauds committed against our Company in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; and (vii) neither of our Company, Promoters or Directors have been declared as a wilful defaulter or a fraudulent borrower.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, any of our Subsidiaries, and / or our Promoters or Directors (excluding statutory / regulatory / judicial / quasi-judicial / governmental / tax authorities) shall, unless otherwise decided by our Board of Directors, not be considered as litigation proceedings until such time that our Company, any of our Subsidiaries, our Directors and/or our Promoters, are impleaded as a defendant in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

Litigation involving our Company

Criminal proceedings involving our Company

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceedings involving our Company:

a) ***Criminal proceedings against our Company***

As on the date of this preliminary placement document, there are no outstanding criminal proceedings against our Company.

b) ***Criminal proceedings by our Company***

As on the date of this preliminary placement document, there are no outstanding criminal proceedings by our Company.

Regulatory matters involving our Company

1. The Employees' State Insurance Corporation ("**ESIC**") issued a notice to our Company dated August 29, 2006, stating that our Company had not paid contribution towards "repair and maintenance" and "construction of the building" of Plant 2 and Plant 3 of our Company for the period between April 1999 to March 2005. Subsequently, an order dated July 29, 2008 was passed under Section 45-A of the Employees' State Insurance Act, 1948 assessing the contribution to be made by our Company as ₹1.35 million, and instructing our Company to make the payment within 15 days from the date of receipt of the order ("**45A Order**"). Our Company then filed an ESI application no. 34/2008 ("**Application**") challenging the 45A Order before the ESI Court, which, by way of an order dated February 29, 2016, allowed the Application and modified the 45A Order, reducing the contribution required to be paid by our Company to ₹0.35 million. The Assistant Director, ESI Corporation, Regional Office (Karnataka) has filed an appeal before the High Court of Karnataka for challenging the said order of the ESI Court. The matter is currently pending.

2. The Uttarakhand Pollution Control Board ("**UKPCB**") issued a demand order dated March 12, 2020 ("**Demand Order**") to our Company, demanding an amount of ₹10.00 million on the grounds that our manufacturing facility located at Plant 6, SIDCUL, Integrated IE Pantnagar, Udham Singh Nagar, Uttarakhand was not compliant with regulations in relation to discharge of pollutants, issued by the UKPCB and the orders of the National Green Tribunal dated July 10, 2019 and November 14, 2019 ("**NGT Orders**"). Our Company filed a writ petition dated May 15, 2020 ("**Writ Petition**") before the High Court of Uttarakhand ("**Court**") to quash the Demand Order. The Court, pursuant to its orders dated May 18, 2020 and July 6, 2020, noted that the NGT Order has been stayed by the Supreme Court of India, and accordingly stayed recovery of the compensation demanded pursuant to the Demand Order until the Supreme Court of India completes adjudication in the matter related to the NGT Order. Further, the Court directed our Company to apprise the UKPCB of all measure undertaken by us to control pollution, along with details of equipment installed at our manufacturing facility. A meeting was held between industry representative (including our Company) and UKPCB on March 21, 2023, pursuant to which our Company submitted a request letter dated May 5, 2023 to UKPCB, seeking the actual amount of compensation to be paid by our Company. This matter is currently pending.

3. The Karnataka State Pollution Control Board ("**KSPCB**") issued a demand order dated February 17, 2020 ("**Demand Order**") to our Company, demanding an amount of ₹10.00 million on the grounds that our manufacturing facility located at Plant 12, Bommasandra Industrial Area, Bengaluru, Karnataka was not compliant with the provisions of the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and rules framed under Environment (Protection) Act, 1986 in relation to noise pollution and LPG storage. Our Company filed a writ petition dated March 3, 2020 ("**Writ Petition**") before the High Court of Karnataka ("**Court**") to quash the Demand Order. The Court, pursuant to its order dated July 4, 2024 ("**Order**"), *inter alia*, gave directions for the matter to be remitted back to KSPBC, instructed the KSPBC to provide a date to our Company to appear before the KSPBC, and stated that in order for the Demand Order to be treated as a show cause notice by our Company and

KSPBC, the Demand Order would be set aside. Our Company is currently awaiting communication from the KSPBC, and the matter is currently pending.

Material civil proceedings involving our Company

As on the date of this Preliminary Placement Document, there are no outstanding material civil proceedings involving our Company.

Other pending proceedings

As on the date of this Preliminary Placement Document there are no other pending proceedings involving our Company, which have been considered material by our Company.

Litigation involving our Subsidiaries

Criminal proceedings involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no criminal proceedings involving our Subsidiaries.

Regulatory matters involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no regulatory matters involving our Subsidiaries.

Material civil proceedings involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no material civil proceedings involving our Subsidiaries.

Litigation involving our Promoters and Directors

Outstanding litigation involving our Promoters and Directors wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect business, prospects, reputation, operations or financial position of our Company on consolidated basis

Nil.

Tax proceedings

We have set out below claims relating to direct and indirect taxes involving our Company and our Subsidiaries in a consolidated manner, as on the date of this Preliminary Placement Document, giving details of number of cases and total amount involved in such claims:

Nature of case	Number of cases	Amount involved (in ₹ million)*
Company		
Direct Tax	14	105.57^
Indirect Tax	10	79.88
Total (A)	24	**185.45**
Subsidiaries		
Direct Tax	3	7.44#
Indirect Tax	NIL	NIL
Total (B)	**3**	**7.44**
Total (A + B + C+D)	**27**	**192.89**

* *To the extent quantifiable.*
^ *Amount of disallowances is ₹446.89 million.*
# *Amount of disallowances is ₹21.17 million.*

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

M/s. Deloitte Haskins & Sells, Chartered Accountants have audited the Audited Consolidated Financial Statements which are included in this Preliminary Placement Document in "*Financial Statements*" on page 375.

M/s. Deloitte Haskins & Sells, Chartered Accountants have (i) performed a review of the Unaudited Condensed Interim Consolidated Financial Statements for the three months ended June 30, 2024 and have issued review report dated October 10, 2024 on the Unaudited Condensed Interim Consolidated Financial Statements, and (ii) performed a review of the Unaudited Interim Consolidated Financial Results for the three months ended June 30, 2023 and have issued review report dated August 1, 2023 on the Unaudited Interim Consolidated Financial Results, which are included in this Preliminary Placement Document in "*Financial Statements*" on page 375.

As on the date of this Preliminary Placement Document, our Company's Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, hold a valid peer review certificate.

GENERAL INFORMATION

- Our Company was incorporated as "Sansera Engineering Private Limited" on December 15, 1981, at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC. Thereafter, pursuant to the conversion of our Company to a public limited company, in accordance with the special resolution passed by our Shareholders dated June 19, 2018, the name of our Company was changed to "Sansera Engineering Limited" and the RoC issued a fresh certificate of incorporation on June 29, 2018.

- The Registered and Corporate Office of our Company is located at Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India.

- The CIN of our Company is L34103KA1981PLC004542.

- The authorised share capital of our Company is ₹305,000,000 divided into 100,000,000 Equity Shares, having a face value of ₹2.00 each, 300,000 Series A CCPS of face value of ₹100.00 each and 750,000 Series B CCPS of face value of ₹100.00 each.

- The Issue was approved by the Board of Directors on August 20, 2024. Subsequently, our Shareholders approved the Issue through a special resolution at the EGM held on September 26, 2024.

- The Equity Shares are listed on BSE and NSE since September 24, 2021.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on October 10, 2024. We will apply for final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed ICRA Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 AM and 5:00 PM on any working day (except public holidays) at our Registered Office and Corporate Office.

- Our Company has obtained all material consents, approvals and authorisations required in connection with the Issue.

- No change in control in our Company will occur consequent to the Issue.

- Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since March 31, 2024, the date of the latest audited financial statements prepared in accordance with Ind AS included in this Preliminary Placement Document.

- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 369.

- There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations, SCRA and the SCRR.

- The Floor Price is ₹1,635.48 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor

Price in accordance with the approval of the Shareholders accorded through a special resolution at the AGM held on September 26, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

- Rajesh Kumar Modi is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Rajesh Kumar Modi

Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India.

Telephone: : +91 80 2783 9081/ 9082/ 9083
E-mail: rajesh.modi@sansera.in

FINANCIAL STATEMENTS

Deloitte
Haskins & Sells

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel: +91 80 6188 6000
Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REVIEW REPORT ON UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
SANSERA ENGINEERING LIMITED

Introduction

1. We have reviewed the accompanying Unaudited Condensed Interim Consolidated Financial Statements of **SANSERA ENGINEERING LIMITED** (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), which comprise the unaudited condensed interim consolidated balance sheet as at June 30, 2024 and the related unaudited condensed interim consolidated statement of profit and loss (including other comprehensive income) including the Group's share of net loss after tax and total comprehensive loss of its associate, the unaudited condensed interim consolidated statement of cash flows and the unaudited condensed interim consolidated statement of changes in equity for the three month period ended June 30, 2024, together with selected explanatory notes thereon (together hereinafter referred to as the "Unaudited Condensed Interim Consolidated Financial Statements").

Management's Responsibility for the Unaudited Condensed Interim Consolidated Financial Statements

2. The Parent's Board of Directors is responsible with respect to preparation and presentation of the Unaudited Condensed Interim Consolidated Financial Statements in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (the "Act") for safeguarding the assets of the Group and its associate and preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal control, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial information which have been used for the purpose of preparation of the Unaudited Condensed Interim Consolidated Financial Statements by the Board of Directors of the Parent, as aforesaid.

Auditors' Responsibility

3. We conducted our review of the Unaudited Condensed Interim Consolidated Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (the "ICAI"). A review of interim financial statements consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specific under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as stated in Paragraph 3 above and based on the consideration of the review report of the other auditor referred to in Paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Consolidated Financial Statements have not been prepared, in all material respects, in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Other Matters

5. We did not review the interim financial information of one subsidiary included in the Unaudited Condensed Interim Consolidated Financial Statements, whose interim financial information reflect total assets of Rs. 1,478.31 million as at June 30, 2024 and total revenues of Rs. 355.85 million, total net loss after tax of Rs. 18.49 million, total comprehensive loss of Rs. 18.49 million and net cash inflows of Rs. 15.60 million for the three month period ended June 30, 2024, as considered in the Unaudited Condensed Interim Consolidated Financial Statements. The interim financial information of this subsidiary has been reviewed by the other auditor whose report has been furnished to us by the Management and our conclusion in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements is not modified in respect of this matter.

6. The Unaudited Condensed Interim Consolidated Financial Statements includes the interim financial information of one subsidiary which have not been reviewed by their auditors, whose interim financial information reflect total assets of Rs. 859.31 million as at June 30, 2024, and total revenues of Rs. Nil, total net loss after tax of Rs. 0.56 million, total comprehensive loss of Rs. 0.56 million and net cash outflows of Rs. 0.22 million for the three month period ended June 30, 2024, as considered in the Unaudited Condensed Interim Consolidated Financial Statements. The Unaudited Condensed Interim Consolidated Financial Statements also includes the Group's share of loss after tax of Rs. 0.85 million and total comprehensive loss of Rs. 0.90 million for the three months ended June 30, 2024, as considered in the Unaudited Condensed Interim Consolidated Financial Statements, in respect of an associate, based on their interim financial information which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

   Our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements is not modified in respect of our reliance on the interim financial information certified by the Management.

7. The Company had prepared Statement of Consolidated Unaudited Financial Results for the quarter ended June 30, 2024 pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, on which we issued an unmodified review report on August 08, 2024.

   Our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements is not modified in respect of this matter.

Deloitte
Haskins & Sells

8. The comparative financial information have been compiled / extracted from the books of account used for the purpose of preparation of the Statement of Unaudited Consolidated Financial Results and the Consolidated Ind AS Financial Statements, as applicable.

   Our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements is not modified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Monisha Parikh
Partner
(Membership No.047840)
UDIN: **24047840BKFIZU1579**

Place: Ebene, Mauritius
Date: October 10, 2024
MP/MS/VJ/2024

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Unaudited Condensed Interim Consolidated Balance Sheet as at 30 June 2024

(Amount in ₹ millions)

Particulars	As at 30 June 2024	As at 31 March 2024
ASSETS		
Non-current assets		
Property, plant and equipment	15,184.45	14,625.13
Right-of-use assets	904.20	841.86
Capital work in progress	893.32	835.00
Goodwill	345.05	343.28
Other intangible assets	41.16	29.59
Investments accounted for using the equity method	204.21	205.06
Financial assets		
(i) Investments	195.43	195.43
(ii) Loans	21.53	18.01
(iii) Other financial assets	298.14	295.06
Current tax assets (net)	84.90	87.51
Other non-current assets	586.14	456.42
Total non-current assets	18,758.53	17,932.35
Current assets		
Inventories	4,582.50	4,189.11
Financial assets		
(i) Investments	9.59	10.19
(ii) Trade receivables	4,772.11	4,622.12
(iii) Cash and cash equivalents	1,167.80	486.35
(iv) Bank balances other than cash and cash equivalents	299.37	143.35
(v) Loans	27.06	25.13
(vi) Other financial assets	31.07	77.87
Other current assets	591.07	440.90
Total current assets	11,480.57	9,995.02
Total Assets	30,239.10	27,927.37

CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LIMITED
BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Unaudited Condensed Interim Consolidated Balance Sheet as at 30 June 2024 (Continued)

(Amount in ₹ millions)

Particulars	As at 30 June 2024	As at 31 March 2024
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	108.00	107.23
Other equity	13,967.09	13,366.73
Total equity attributable to owners of the Company	14,075.09	13,473.96
Non-controlling interests	164.45	159.24
Total equity	14,239.54	13,633.20
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	3,489.19	2,515.86
(ii) Lease liabilities	837.86	796.10
Provisions	30.57	27.34
Deferred tax liabilities (net)	700.06	692.42
Other non-current liabilities	503.25	497.18
Total non-current liabilities	5,560.93	4,528.90
Current liabilities		
Financial liabilities		
(i) Borrowings	5,696.19	5,495.13
(ii) Lease liabilities	106.13	99.50
(iii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	327.13	308.26
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,634.12	3,249.41
(iv) Other financial liabilities	193.83	248.28
Other current liabilities	402.69	308.44
Provisions	17.04	15.72
Current tax liabilities (net)	61.50	40.53
Total current liabilities	10,438.63	9,765.27
Total Equity and Liabilities	30,239.10	27,927.37

The accompanying notes form an integral part of the Unaudited Condensed Interim consolidated financial statements

As per our report of even date attached:

for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 047840)

CHARTERED ACCOUNTANTS
BENGALURU

Place: Ebene, Mauritius
Date: 10 October 2024

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 10 October 2024

SANSERA ENGINEERING LIMITED
BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the period ended 30 June 2024

(Amount in ₹ millions)

Particulars	Note	For the three months ended 30 June 2024	For the three months ended 30 June 2023
Revenue from operations	3	7,439.33	6,600.66
Other income		3.98	4.26
Total Income		**7,443.31**	**6,604.92**
Expenses			
Cost of materials consumed		3,313.37	3,083.76
Changes in inventories of finished goods and work-in-progress		(276.43)	(189.51)
Employee benefits expense		1,068.20	910.12
Finance costs		192.62	189.26
Depreciation and amortisation expenses		399.59	348.70
Other expenses		2,053.96	1,652.76
Total expenses		**6,756.26**	**5,995.09**
Profit before tax		**687.05**	**609.83**
Tax expense:			
Current tax		174.47	141.46
Deferred tax		10.30	16.67
Total tax expense		**184.77**	**158.13**
Share of profits of associate, net of tax		(0.85)	-
Profit for the period		**501.43**	**451.70**
Other Comprehensive Income/(Loss)			
Items not to be reclassified to profit or loss			
Re-measurement of the net defined benefit liability		(8.99)	2.16
Income tax relating to items not to be reclassified to profit or loss		2.32	(0.56)
Share of Other Comprehensive Income of an associate		(0.05)	-
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss		**(6.72)**	**1.60**
Items that to be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1.37	2.46
Income tax relating to items to be reclassified to profit or loss		(0.34)	(0.62)
Net other comprehensive income/(loss) to be reclassified subsequently to profit or loss		**1.03**	**1.84**
Other comprehensive income/(loss) for the period, net of income tax		**(5.69)**	**3.44**
Total Comprehensive Income for the period		**495.74**	**455.14**
Profit attributable to :			
Owners of the Company		495.77	447.16
Non-controlling interests		5.66	4.54
Total profit for the period		**501.43**	**451.70**
Other comprehensive income/(loss) attributable to:			
Owners of the Company		(5.24)	3.33
Non-controlling interests		(0.45)	0.11
Total other comprehensive income/(loss)		**(5.69)**	**3.44**
Total comprehensive income attributable to:			
Owners of the Company		490.53	450.49
Non-controlling interests		5.21	4.65
Total Comprehensive Income for the period		**495.74**	**455.14**
Earnings per equity share (face value of ₹ 2 each) (Refer note 4)*			
Basic (in ₹)	4	9.24	8.43
Diluted (in ₹)	4	9.16	8.30

* Basic and diluted Earnings per share (EPS) for both the periods are not annualised.

The accompanying notes form an integral part of the Unaudited Condensed Interim consolidated financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Moulsha Parikh
Partner
(Membership No. 047840)

Place: Ebene, Mauritius
Date: 10 October 2024

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: [illegible]

F R Singhvi
Joint Managing Director
DIN: 00233146

[illegible]
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief [illegible] Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 10 October 2024

SANSERA ENGINEERING LIMITED
BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Unaudited Condensed Interim Consolidated Statement of Changes in Equity as at 30 June 2024

(Amount in ₹ millions)

Particulars	Reserves and Surplus						Other Comprehensive Income(OCI) *		Attributable to owners of the Company	Non-Controlling Interests	Total Equity
	Capital reserve	Securities premium	Capital redemption reserve	Share options outstanding reserve	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit liability			
As at 01 April 2024	8.17	1,675.31	0.56	159.43	138.52	11,362.13	22.62	-	13,366.73	159.24	13,525.97
Exercise of options		-	-	8.60	-	-	-	-	8.60	-	8.60
Transfers	-	139.32	-	(38.09)	-	-	-	-	101.23	-	101.23
Dividend						-	-		-		-
Profit for the period	-	-	-	-	-	495.77	-	-	495.77	5.66	501.43
Other Comprehensive Income											
Remeasurement of the net defined benefit liability	-	-	-	-	-	-	-	(6.27)	(6.27)	-	(6.27)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1.03	-	1.03	-	1.03
Transfer to retained earnings	-	-	-	-	-	(6.27)	-	6.27	-	(0.45)	(0.45)
As at 30 June 2024	8.17	1,814.63	0.56	129.94	138.52	11,851.63	23.65	-	13,967.09	164.45	14,131.54
As at 01 April 2023	8.17	1,565.45	0.56	195.73	135.48	9,648.55	19.55	-	11,573.48	140.34	11,713.82
Exercise of options		-	-	11.50	-	-	-	-	11.50	-	11.50
Transfers	-	51.75	-	(35.24)	-	-	-	-	16.51	-	16.51
Dividend						-	-		-		-
Profit for the period	-	-	-	-	-	447.16	-	-	447.16	4.54	451.70
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability	-	-	-	-	-	-	-	1.49	1.49	-	1.49
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1.84	-	1.84	-	1.84
Transfer to retained earnings	-	-	-	-	-	1.49	-	(1.49)	-	0.11	0.11
As at 30 June 2023	8.17	1,617.20	0.56	171.99	135.48	10,097.20	21.39	-	12,051.98	144.99	12,196.97

The accompanying notes form an integral part of the Unaudited Condensed Interim consolidated financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 047840)

for and on behalf of the Board of Directors of Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00213146

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Ebene, Mauritius
Date: 10 October 2024

Place: Bengaluru
Date: 10 October 2024

CHARTERED ACCOUNTANTS

SANSERA ENGINEERING LIMITED ★ BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Unaudited Condensed Interim Consolidated Statement of Cash Flows for the period ended 30 June 2024

(Amount in ₹ million)

Particulars	For the three months ended 30 June 2024	For the three months ended 30 June 2023
Cash flows from operating activities		
Profit before tax including share of profit/ (loss) of associate	636.20	609.83
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	399.59	348.70
Income from government grants	(15.19)	(14.21)
Interest income	(3.22)	(3.44)
Fair value gain on financial instruments at fair value through profit or loss	0.47	(1.19)
Gain on disposal of property, plant and equipment, net	(0.76)	0.37
Unrealised foreign exchange (gain)/loss, net	0.67	23.82
Employee stock compensation expense	8.60	11.50
Finance costs	192.62	189.26
Share of loss from investment in associate	0.85	-
Operating cash flows before changes in operating assets and libilities	1,219.83	1,164.64
Changes in operating assets and liabilities:		
Decrease/(increase) in trade receivables	(151.67)	(446.93)
Decrease/(increase) in other financial assets and other assets	(126.02)	(50.73)
Decrease/(increase) in inventories	(393.39)	(485.55)
Increase/(decrease) in trade payables	402.33	123.97
Increase/(decrease) in other liabilities	92.76	96.47
Increase/(decrease) in provisions	(4.44)	(19.44)
Cash generated from operations	1,039.40	382.43
Income taxes paid, net	(150.89)	(118.23)
Net cash generated from operating activities (A)	938.51	264.20
Cash flows from investing activities		
Payments for property, plant and equipment	(1,151.16)	(749.64)
Purchase of intangible assets	(13.59)	(13.66)
Proceeds from disposal of property, plant and equipment	2.87	10.44
Investment in associate	-	(50.00)
Interest received	3.22	3.44
Movement in fixed deposits, net	(156.24)	(16.03)
Net cash used in investing activities (B)	(1,314.90)	(815.45)
Cash flows from financing activities		
Proceeds/(repayments) of non-current borrowings:		
Proceeds (refer note (i) below)	1,321.52	-
Repayments (refer note (i) below)	(272.14)	(353.74)
Proceeds of current borrowings, net (refer note (i) below)	123.15	886.08
Interest paid (refer note (i) below)	(191.56)	(205.54)
Payment of lease rentals (refer note (i) below)	(12.58)	(23.30)
Proceeds from issue of equity share capital	102.60	17.30
Net cash used in financing activities (C)	1,070.99	320.80
Net increase/(decrease) in cash and cash equivalents (A+B+C)	694.60	(230.45)
Cash and cash equivalents at the beginning of the period	486.35	495.58
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(13.15)	16.08
Cash and cash equivalents at the end of the period (refer below)	1,167.80	281.21
For the purpose of statement of cash flows, cash and cash equivalents comprise the following:		
Cash on hand	0.53	0.68
Balances with banks - on current accounts	1,167.27	280.53
Cash and cash equivalents at the end of the period	1,167.80	281.21

SANSERA ENGINEERING LIMITED
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(Amount in ₹ millions)

The above unaudited condensed interim consolidated statement of cash flows has been prepared under indirect method in accordance with Indian Accounting Standard (IND AS) 7 on "Statement of Cash Flows"

Note (i) Reconciliation of liabilities from financing activities

Particulars	Opening balance	Cash flows		Non-cash movements			Closing balance
	1 April 2024	Proceeds	Repayments	Reclassification	Additions (net)/Accruals	Fair value changes/Effect of foreign exchange differences	30 June 2024
Non-current borrowings	3,771.48	1,321.52	(272.14)	(14.68)	-	3.02	4,809.20
Current borrowings *	4,239.51	127.33	(4.18)	14.68	-	(1.16)	4,376.18
Interest	11.93	-	(191.56)	-	192.62	-	12.99
Lease liabilities	895.60	-	(12.58)	-	64.84	(3.87)	943.99

Particulars	Opening balance	Cash flows		Non-cash movements			Closing balance
	1 April 2023	Proceeds	Repayments	Reclassification	Additions (net)/Accruals	Fair value changes/Effect of foreign exchange differences	30 June 2023
Non-current borrowings	3,918.87	-	(353.74)	-	-	(9.70)	3,555.43
Current borrowings *	3,202.24	886.08	-	-	-	(1.83)	4,086.49
Interest	27.20	-	(205.54)	-	189.26	-	10.92
Lease liabilities	921.13	-	(23.30)	-	-	31.34	929.17

* Current borrowings are disclosed net of proceeds/repayments.

The accompanying notes form an integral part of the unaudited condensed Interim consolidated financial statements

As per our report of even date attached
for Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 047840)

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
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B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Ebene, Mauritius
Date: 10 October 2024

Place: Bengaluru
Date: 10 October 2024

SANSERA ENGINEERING LIMITED
BANGALORE
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Note no. 1 - General information:
Sansera Engineering Limited (the "Company" or "Parent Company") is a public company incorporated on 15 December 1981 under the provisions of the Companies Act, 1956 with its registered office and principal place of business in Bengaluru, Karnataka. The Company along with its subsidiaries Fitwel Tools and Forgings Private Limited, Sansera Sweden AB and Sansera Engineering Pvt Ltd Mauritius (together referred to as "Group") and its associate MMRFIC Technology Private Limited is involved in the business of manufacture of auto components such as rocker arms, connecting rods, gear shifters, crank shafts, and aerospace components, radars and mm-wave sensors. It is also involved in providing services such as forging and other related services The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in Sweden. The unaudited condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on 10 October 2024

Note no. 2.1 - Statement of compliance:
These Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with recognition and measurement principles of Indian Accounting Standards ("Ind AS") 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, the provisions of the Companies Act, 2013 ("the Act") to the extent notified, guidelines issued by the Securities and Exchange Board of India (SEBI) and other accounting principles generally accepted in India. The Unaudited Condensed Interim Consolidated Financial Statements have been approved by the Board of Directors in its meeting held on 10 October 2024.

2.2 - Basis of preparation and presentation of unaudited condensed interim consolidated financial statements:
These Unaudited Condensed Interim Consolidated Financial Statements of the Company and its subsidiaries (the Company together referred to as the "Group") and its associate comprising the Unaudited Condensed Interim Consolidated Balance Sheet as at 30 June 2024 and the related Unaudited Condensed Interim Consolidated Statement of Profit and Loss (including other comprehensive income) and the Group's share of net loss after tax and total comprehensive loss of its associate, the Unaudited Condensed Interim Consolidated Statement of Cash Flows and the Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the three month period ended 30 June 2024 together with selected explanatory notes thereon (together hereinafter referred to as the "Unaudited Condensed Interim Consolidated Financial Statements") have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period.

These Unaudited Condensed Interim Consolidated Financial Statements have been prepared in connection with the proposed Qualified Institutions Placement of Equity Shares by the Company and inclusion in the in the Preliminary Placement Document (the "PPD" or the "Offer Document").

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/ settlement within twelve month period from the balance sheet date.

The Unaudited Condensed Interim Consolidated Financial Statements is not a complete set of financial statements of the Group and its associate in accordance with the Indian Accounting Standards prescribed under section 133 of the Act, as applicable. These Unaudited Condensed Interim Consolidated Financial Statements should be read in conjunction with annual financial statements of the Group as at and for the year ended 31 March 2024.

The accounting policies followed in preparation of the Unaudited Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the annual financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

The Unaudited Condensed Interim Consolidated Financial Statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR or Rs. millions, except when otherwise indicated.

2.3 - Key sources of estimation uncertainty and critical accounting judgements
The preparation of these Unaudited Condensed Interim Consolidated Financial Statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates Estimates and assumptions are reviewed on a periodic basis. Appropriate changes in estimates are made when the management of the Company becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the period in which the changes are made and, if material, their effects are disclosed in the notes.

SANSERA ENGINEERING LIMITED BANGALORE 560 105.

(Amount in ₹ millions)

3 Revenue from operations

Particulars	For the period ended 30 June 2024	For the period ended 30 June 2023
Sale of products	7,003.89	6,167.39
Sale of services	3.42	10.47
Sub-total	7,007.31	6,177.86
Other operating revenues:		
Scrap sales	373.23	327.59
Tooling income	9.46	45.60
Export incentive benefits	33.16	34.77
Income from government grants	15.19	14.21
Sale of child parts	0.98	0.63
Total	7,439.33	6,600.66

A. Disaggregation of Revenue from contracts with customers	**For the period ended 30 June 2024**	**For the period ended 30 June 2023**
Sale of products		
India	4,732.07	4,218.03
Europe	1,371.67	1,202.55
USA	707.79	556.91
Other foreign countries	192.36	189.90
Sub-total	7,003.89	6,167.39
Sale of services		
India	3.42	10.47
Sub-total	3.42	10.47
Scrap sales		
India	370.80	324.13
Europe	2.43	3.46
Sub-total	373.23	327.59
Tooling income		
India	3.13	11.86
Europe	-	0.97
USA	6.33	32.77
Sub-total	9.46	45.60
Sale of child parts		
India	0.98	0.63
Sub-total	0.98	0.63
Total revenue from contracts with customers:		
India	5,110.40	4,565.12
Europe	1,374.10	1,206.98
USA	714.12	589.68
Other foreign countries	192.36	189.90
Total revenue from contract with customers	7,390.98	6,551.68

B. Reconciling the amount of revenue recognised with contract and total revenue:

Particulars	**For the period ended 30 June 2024**	**For the period ended 30 June 2023**
Total revenue from contract with customers	7,390.98	6,551.68
Adjustments:		
Other operating revenues:		
Income from government grants	15.19	14.21
Export incentive benefit	33.16	34.77
Total	7,439.33	6,600.66

C. Timing of revenue recognition

Particulars	**For the period ended 30 June 2024**	**For the period ended 30 June 2023**
Good transferred at a point in time	7,378.10	6,495.61
Service transferred at a point in time	12.88	56.07
Total revenue from contract with customers	7,390.98	6,551.68

D. The Group's revenue from its major products are as follows:

Particulars	**For the period ended 30 June 2024**	**For the period ended 30 June 2023**
Connecting rods	2,625.11	2,592.39
Crank shaft assembly	1,041.72	1,017.64
Rocker arms	1,065.51	873.41
Others*	2,271.55	1,683.95
Total revenue from sale of products	7,003.89	6,167.39

* Individual items of these are less than 10% of sale of products

SANSERA ENGINEERING LIMITED BANGALORE 560 105.

(Amount in ₹ millions except no. of shares)

4 **Earnings Per Share (EPS)**

Basic earnings per share is calculated by dividing the profit for the period available to the shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit for the period available to the shareholders of the Company by the weighted average number of equity shares outstanding during the period, after adjustment for the effects of all dilutive potential equity shares. The details are as follows:

Particulars		For the period ended 30 June 2024	For the period ended 30 June 2023
Profit available to shareholders for calculation of basic and diluted earnings per share	A	495.77	447.16
Nominal value of equity shares (₹ per share)		2	2
Weighted average number of equity shares for calculation of basic earnings per share	B	53,647,013	53,029,911
Basic earnings per share (in ₹)*	A/B	9.24	8.43
Weighted average number of equity shares for calculation of diluted earnings per share	C	54,142,417	53,870,392
Diluted earnings per share (in ₹)*	A/C	9.16	8.30

Computation of weighted average number of shares

Particulars	For the period ended 30 June 2024	For the period ended 30 June 2023
Weighted average number of equity shares	**53,615,150**	**52,929,540**
Weighted average number of Shares issued under Employee Stock Option	**31,863**	**100,371**
Weighted average number of equity shares for calculation of basic earnings per share	**53,647,013**	**53,029,911**
Add: Impact of potentially dilutive equity shares:		
Weighted average number of Shares issued under Employee Stock Option	**495,404**	**840,481**
Weighted average number of equity shares for calculation of diluted earnings per share	54,142,417	53,870,392

* Basic and diluted Earnings per share (EPS) for both the periods are not annualised.

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SANSERA ENGINEERING LIMITED

5 Contingent liabilities and commitments *(to the extent not provided for)*

Particulars	As at 30 June 2024	As at 31 March 2024
Contingent liabilities #		
Claims against the Group not acknowledged as debts:		
Excise duty, entry tax and service tax matters (Refer note A i)	102.89	48.39
Income tax matters (Refer note A ii)	63.88	63.88
Customer claims **	63.80	63.80
Other matters @@	22.07	22.07
Commitments ##		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,160.79	939.27

Note A Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for wherever required and disclosed as contingent liabilities where applicable, in these unaudited condensed Interim consolidated financial statements. The Group does not expect the outcomes of these proceedings to have a materially adverse effect on its financial position

(i) Relating to demand for service tax on labour charges, refund granted on service tax paid under reverse charge mechanism (RCM).,
(ii) Relating to demand raised by GST authorities on mismatch of GSTR 3B and GSTR 2A.
(iii) Relating to disallowance of certain expenses, additional depreciation and non-consideration of MAT (Minimum Alternate Tax) credit

** The Parent Company supplied Shifter Forks to American Axle (AAM). American Axle reported failure of the product Shifter Fork and filed a suit with South Carolina Civil Court. The Parent Company appointed a legal firm to handle the civil suit. Following the unsuccessful negotiations with AAM's counsel, the Parent Company has filed a new motion with the Court requesting to dismiss the lawsuit in entirety because AAM had failed to comply with the contractual terms. The Parent Company, further requested the Court to hold all proceedings in abeyance until the ruling on the request to dismiss the suit in entirety comes through. Court entered an order staying all proceedings until such time as the Court can rule on motion.The management is confident of a favorable outcome and expects the settlement to be not exceeding the amount provided for (Rs.15 million)

The Honourable Supreme Court of India, in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision of ₹ 0.58 million for provident fund contribution pursuant to the judgement in the year 2018-2019 from the date of Order of the Honourable Supreme Court of India. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same

The Parent Company has invested in Clean Max Vega Power LLP (i.e., power producer) and entered into an energy supply agreement for a period of 25 years with lock in period of 5 years. Pursuant to such energy supply agreement, the Parent Company has committed to purchase atleast 51% of the total power produced by the power producer.

@@ The Karnataka State Pollution Control Board ("KSPCB") issued a demand order dated February 17, 2020 ("Demand Order") to the Parent Company, demanding an amount of ₹10.00 million on the grounds that Plant 12 was not compliant with the provisions of the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and rules framed under Environment (Protection) Act, 1986 in relation to noise pollution and LPG storage. Our Company filed a reply dated February 27, 2020 refuting all allegations made pursuant to the Demand Order specifying that the Parent Company is in compliance with all pollution regulations and laws and requesting for an opportunity to be heard in person. KSPCB reassessed the compensation calculation notice dated 13.07.2023 to pay the revised compensation of ₹12.07 million instead of ₹10.00 million. The Parent Company has submitted a reply to KSPCB dated 22.08.2023

On July 04, 2024 the Hon'ble Court was pleased to dispose the writ petition with a direction that the Impugned Demand Notice dated February 17, 2020 be treated as a Show Cause Notice, all subsequent proceedings including the Demand Notice dated February 13, 2023 demanding to pay a sum of ₹ 12.07 million will bear no consequence. The Parent Company filed a reply dated February 27, 2020, refuting all allegations made pursuant to the Demand Order specifying that the Parent Company is in compliance with all pollution regulations and laws and requesting for an opportunity to be heard in person.

The Uttarakhand Pollution Control Board ("UKPCB") issued a demand order dated March 12, 2020 ("Demand Order") to the Parent Company, demanding an amount of ₹10.00 million on the grounds that the Parent Company's manufacturing facility located at Plant 6 was not compliant with regulations in relation to discharge of pollutants, issued by the UKPCB and the orders of the National Green Tribunal dated July 10, 2019 and November 14, 2019 ("NGT Orders"). The Parent Company filed a writ petition dated May 15, 2020 ("Writ Petition") before the High Court of Uttarakhand ("Court") to quash the Demand Order. The Court, pursuant to its orders dated May 18, 2020 and July 6, 2020 noted that the NGT Order has been stayed by the Supreme Court of India, and accordingly stayed recovery of the compensation demanded pursuant to the Demand Order until the Supreme Court of India completes adjudication in the matter related to the NGT Order. Further, the Court directed the Parent Company to apprise the UKPCB of all measure undertaken by us to control pollution, along with details of equipment installed at our manufacturing facility. A meeting was held between industry representative (including the Parent Company) and UKPCB on March 21, 2023, pursuant to which the Parent Company submitted a request letter dated May 5, 2023 to UKPCB, seeking the actual amount of compensation to be paid by the Parent Company. This matter is currently pending.

The Group does not have any other material commitments.

SANSERA ENGINEERING LIMITED
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6 Financial instruments

Accounting classification and fair value
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	30 June 2024	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares - Fair value through Profit and Loss	9.59	9.59	-	-
Derivative contracts at fair value	0.58	-	0.58	
Other Investment- Fair value through other comprehensive income	195.43	-	-	195.43
Total	205.60	9.59	0.58	195.43
Financial assets measured at amortised cost				
Loans	48.59	-	-	-
Other non-current financial assets	298.14	-	-	-
Trade receivables	4,772.11	-	-	-
Cash and cash equivalents	1,167.80	-	-	-
Bank balances other than cash and cash equivalents above	299.37	-	-	-
Other current financial assets	30.49	-	-	-
Total	6,616.50	-	-	-
Financial liabilities measured at amortised cost				
Non-current borrowings	3,489.19	-	-	-
Current borrowings	5,696.19	-	-	-
Lease liabilities	943.99	-	-	-
Trade payables	3,961.25	-	-	-
Other financial liabilities	193.83	-	-	-
Total	14,284.45	-	-	-

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2024	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares - Fair value through Profit and Loss	10.19	10.19	-	-
Other Investment- Fair value through other comprehensive income	195.43	-	-	195.43
Total	205.62	10.19	-	195.43
Financial assets measured at amortised cost				
Loans	43.14			
Other non-current financial assets	295.06	-	-	-
Trade receivables	4,622.12	-	-	-
Cash and cash equivalents	486.35	-	-	-
Bank balances other than cash and cash equivalents above	143.35	-	-	-
Other current financial assets	77.87	-	-	-
Total	5,667.89	-	-	-
Financial liabilities measured at fair value				
Derivative liability	2.89	-	2.89	-
	2.89	-	2.89	-
Financial liabilities measured at amortised cost				
Non-current borrowings	2,515.86	-	-	-
Current borrowings	5,495.13	-	-	-
Lease liabilities	895.60	-	-	-
Trade payables	3,557.67	-	-	-
Other financial liabilities	245.39	-	-	-
Total	12,709.65	-	-	-

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e derived from prices). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The group has not disclosed the fair value of financial instruments such as other non-current financial assets, trade receivables, cash and cash equivalents, bank balances, other current financial assets, loans, borrowings, other non-current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value

The majority of costs and incomes are denominated in local currencies, which is not impacted by currency exchange fluctuations. Some of the contracts with key export customers may not allow for price adjustments in the event of unfavourable currency exchange rate developments. Global footprint exposes the Group to certain currency exchange risks, arising primarily from foreign currency receivables, import of raw materials and capital goods for operations, export of goods and non-Indian rupee denominated borrowings. The Group hedges significant portion of the net foreign exchange exposure through forward contracts and non-Indian rupee denominated loans

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7 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is in the business of manufacture and sale of automobile components, which in the context of Ind AS 108 'Segment Information' represents single reportable business segment. The entire operations are governed by the same set of risk and returns. Accordingly, these operations represent a single segment. The revenues, total expenses and net profit as per the consolidated statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

(i) Geographical information

Geographic segmentation is based on business sourced from specific geographic regions. Other foreign countries comprises all other places except India, Europe and USA.

(Amount in ₹ millions)

(a) Revenue from operations

Particulars	For the three months ended 30 June 2024	For the three months ended 30 June 2023
India	5,158.75	4,614.10
Europe	1,374.10	1,206.98
USA	714.12	589.68
Other foreign countries	192.36	189.90
Total	7,439.33	6,600.66

(b) Non-current assets

Particulars	As at 30 June 2024	As at 31 March 2024
India	16,738.66	15,917.16
Europe	1,215.66	1,214.12
Total	17,954.32	17,131.28
Reconciling items:		
Income tax assets	84.90	87.51
Other non-current financial assets	719.31	713.56
Total non-current assets	18,758.53	17,932.35

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8 Related parties disclosures

A. Significant Shareholders
S Sekhar Vasan
Client Ebene Limited

B. Trust in which the Director is a trustee
Sansera Foundation

C. Associate company
MMRFIC Technology Private Limited (W e f 18 August 2023)

D. Key managerial personnel
S Sekhar Vasan - Chairman and Managing Director
F R Singhvi - Joint Managing Director
B R Preetham - Executive Director and Chief Executive Officer
Vikas Goel - Chief Financial Officer
Rajesh Kumar Modi - Company Secretary and Compliance officer
Muthuswamy Lakshminarayan - Independent Director
Revathy Ashok - Independent Director
Samir Purushottam Inamdar- Independent Director

E. Entity controlled by close members of key managerial personnel's family
Eff N'Bee Hospitality Private Ltd

F. The following is the summary of related party transactions (Amount in ₹ millions)

Particulars	For the period ended 30 June 2024	For the period ended 30 June 2023
Expenditure towards Corporate Social Responsibility (CSR)		
Sansera Foundation	8.40	7.30
Staff welfare cost		
Eff N'Bee Hospitality Private Ltd	0.03	-
Managerial Remuneration*		
S Sekhar Vasan	13.21	3.72
F R Singhvi	13.21	3.72
B R Preetham	9.69	3.04
Vikas Goel	4.26	4.03
Rajesh Kumar Modi	1.19	1.06
Legal and Professional Charges- Fixed Commission		
Muthuswamy Lakshminarayan	0.75	0.38
Revathy Ashok	0.75	0.38
Samir Purushottam Inamdar	0.75	0.60
Legal and Professional Charges- Sitting fees		
Muthuswamy Lakshminarayan	0.25	0.09
Revathy Ashok	0.18	0.13
Samir Purushottam Inamdar	0.23	0.08
Investment in associate		
MMRFIC Technology Private Limited	-	50.00

G. The balances receivable from and payable to related parties are:

Particulars	As at 30 June 2024	As at 31 March 2024
Trade payables		
Eff N'Bee Hospitality Private Ltd	-	0.70
Payable to Directors		
S Sekhar Vasan	12.85	13.85

*Excludes contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis. Also excludes cost pertaining to ESOP's given to the employees as a part of the ESOP scheme.

Terms and conditions:
All transactions with related parties are unsecured.

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9 The Board of Directors, in their meeting held on 16 May 2024, recommended a final dividend of ₹ 3 per equity share for the financial year ended 31 March 2024. This payment of dividend is approved by shareholders in the AGM of the Company held on 26 September 2024 and this has resulted in a net cash outflow of ₹ 161.99 million.

10 Subsequent to the period ended 30 June 2024, the Board of Directors of the Parent Company have passed a resolution vide its Board meeting dated August 20, 2024 to make a further investment of ₹ 150 million to ₹ 200 million in MMRFIC Technology Private Limited (MMRFIC), the associate Company. Consequently, the Parent Company has made a further investment of ₹ 50 million in MMRFIC, the associate Company, resulting in a total investment of ₹ 250 million.

11 Subsequent to the period ended 30 June 2024, the Authorised Share Capital of the Parent Company has increased from existing ₹ 230.00 million divided into 6,25,00,000 Equity Shares of ₹ 2 each, 3,00,000 Series A compulsorily convertible preference shares of ₹ 100 each and 7,50,000 Series B compulsorily convertible preference shares of ₹ 100 each to ₹ 305.00 million divided into 10,00,00,000 Equity shares of ₹ 2 each, 300,000 Series A compulsorily convertible preference shares of ₹ 100 each and 750,000 Series B compulsorily convertible preference shares of ₹ 100 each ranking pari passu in all respect with the existing Equity Shares of the Parent Company as per the Memorandum and Articles of Association of the Parent Company. This was approved by the shareholders at the 42nd Annual General Meeting of the Parent Company held on September 26, 2024.

for and on behalf of the Board of Directors of
Sansera Engineering Limited

S Sekhar Vasan *Managing Director* DIN: 00361245	**F R Singhvi** *Joint Managing Director* DIN: 00233146
B R Preetham *Executive Director and Chief Executive Officer* DIN: 03499506	**Vikas Goel** *Chief Financial Officer*
	Rajesh Kumar Modi *Company Secretary*

Place: Bengaluru
Date: 10 October 2024

SANSERA ENGINEERING LIMITED ★ BANGALORE 560 105.

Deloitte
Haskins & Sells

Chartered Accountants
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46, Palace Road, High Grounds
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SANSERA ENGINEERING LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **Sansera Engineering Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended June 30, 2023 (the "Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

   a) Sansera Engineering Limited, the Parent
   b) Fitwel Tools and Forgings Private Limited, a subsidiary
   c) Sansera Engineering Pvt. Ltd., Mauritius, a subsidiary; and
   d) Sansera Sweden AB, a step-down subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of other auditor referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial information of one subsidiary included in the consolidated unaudited financial results, whose interim financial information reflect total revenues of Rs.447.20 million, total net loss after tax of Rs.1.54 million and total comprehensive loss of Rs.1.54 million for the quarter ended June 30, 2023, as considered in the Statement. This interim financial information has been reviewed by other auditor whose report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of this matter.

7. The consolidated unaudited financial results includes the interim financial information of one subsidiary which has not been reviewed by their auditors, whose interim financial information reflect total revenues of Rs. Nil, total profit after tax of Rs.0.46 million and total comprehensive income of Rs.0.46 million for the quarter ended June 30, 2023, as considered in the Statement. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

   Our conclusion on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
Partner
(Membership No. 47840)
UDIN: 23047840BGUCNK2229

Place: Bengaluru
Date: August 01, 2023
MP/MS/SS/2023

SANSERA ENGINEERING LIMITED

CIN: L34103KA1981PLC004542

Registered Address: Plant-7, No.143/A, Jigani Link Road, Bommasandra Industrial Area, Bengaluru - 560105

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

(Amount in Rs. Millions, except for share data, unless otherwise stated)

Sl. No		Particulars	3 months ended 30 June 2023	Preceding 3 months ended 31 March 2023	Corresponding 3 months ended in the previous year 30 June 2022	Previous year ended 31 March 2023
			Unaudited	Unaudited (Refer note 4)	Unaudited	Audited
1		**Income**				
	(a)	Revenue from Operations	6,600.66	6,185.79	5,322.12	23,460.44
	(b)	Other Income	4.26	44.65	7.13	100.69
		Total Income	**6,604.92**	**6,230.44**	**5,329.25**	**23,561.13**
2		**Expenses**				
	(a)	Cost of materials consumed	3,083.76	2,698.34	2,487.37	10,863.04
	(b)	Changes in inventories of finished goods and work-in-progress	(189.51)	58.20	(326.44)	(688.46)
	(c)	Employee benefits expense	910.12	842.26	774.36	3,179.61
	(d)	Finance costs	189.26	172.90	136.65	615.10
	(e)	Depreciation and amortisation expenses	348.70	347.36	307.23	1,300.80
	(f)	Other expenses	1,652.76	1,625.35	1,472.03	6,258.72
		Total Expenses	**5,995.09**	**5,744.41**	**4,851.20**	**21,528.81**
3		**Profit before tax (1-2)**	**609.83**	**486.03**	**478.05**	**2,032.32**
4		**Tax expense:**				
	(a)	Current tax	141.46	111.81	124.33	476.73
	(b)	Tax relating to prior years	-	-	-	18.86
	(c)	Deferred tax	16.67	20.02	5.89	53.31
		Total tax expense	**158.13**	**131.83**	**130.22**	**548.90**
5		**Profit for the period (3-4)**	**451.70**	**354.20**	**347.83**	**1,483.42**
6		**Other Comprehensive Income/(Loss)**				
		Items that will not be reclassified to profit or loss				
	(i)	Re-measurement of the net defined benefit liability	2.16	7.48	(19.23)	(26.40)
	(ii)	Income tax relating to items that will not be reclassified to profit or loss	(0.56)	(1.82)	4.81	6.70
		Other Comprehensive Income/(Loss) not be reclassified subsequently to profit or loss	**1.60**	**5.66**	**(14.42)**	**(19.70)**
		Items that will be reclassified to profit or loss				
	(i)	Exchange differences on translation of foreign operations	2.46	1.52	(8.68)	0.12
	(ii)	Income tax relating to items that will be reclassified to profit or loss	(0.62)	(0.38)	2.18	(0.03)
		Other Comprehensive Income/(Loss) will be reclassified subsequently to profit or loss	**1.84**	**1.14**	**(6.50)**	**0.09**
		Other Comprehensive Income/(Loss) for the period, net of income tax	**3.44**	**6.80**	**(20.92)**	**(19.61)**
		Total Comprehensive Income for the period (5+6)	**455.14**	**361.00**	**326.91**	**1,463.81**
		Profit attributable to :				
		Owners of the Company	447.16	351.43	341.12	1,461.95
		Non-controlling interests	4.54	2.77	6.71	21.47
		Total profit for the period	**451.70**	**354.20**	**347.83**	**1,483.42**
		Other Comprehensive Income attributable to:				
		Owners of the Company	3.33	7.38	(21.14)	(19.14)
		Non-controlling interests	0.11	(0.58)	0.22	(0.47)
		Total Other Comprehensive Income	**3.44**	**6.80**	**(20.92)**	**(19.61)**
		Total Comprehensive Income attributable to:				
		Owners of the Company	450.49	358.81	319.98	1,442.81
		Non-controlling interests	4.65	2.19	6.93	21.00
7		**Total Comprehensive Income**	**455.14**	**361.00**	**326.91**	**1,463.81**
8		Paid-up equity share capital (face value of Rs. 2 each fully paid up)	106.65	105.86	105.26	105.86
9		Reserves (excluding Revaluation Reserve)				11,573.48
10		Earnings per share (EPS) (face value of Rs. 2 each)*				
	(i)	Basic (in Rs.)	8.43	6.64	6.52	27.74
	(ii)	Diluted (in Rs.)	8.30	6.53	6.34	27.17

* Basic and diluted Earnings per share (EPS) for all periods except year ended 31 March 2023 are not annualised

Notes to the Consolidated Unaudited Financial Results for the Quarter Ended 30 June 2023

1 The consolidated unaudited financial results of Sansera Engineering Limited (the "Company" or "Parent Company") and its subsidiaries ("the Group"), for the quarter ended 30 June 2023 have been prepared in accordance with the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), notified under Section 133 of the Companies Act, 2013 and Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

2 The above consolidated unaudited financial results of the Group were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 1 August 2023. The statutory auditors have carried out limited review of the results for the quarter ended 30 June 2023 and have issued an unmodified review report.

3 The Group operates in only one operating segment, namely manufacture of precision-engineered components.

4 The consolidated figures for the quarter ended 31 March 2023 are the balancing figures between audited consolidated figures in respect of the full financial year ended 31 March 2023 and the unaudited published year-to-date figures upto 31 December 2022, being the date of end of the third quarter of the financial year ended 31 March 2023 which were reviewed by the statutory auditors.

5 On 29 March 2023, the Parent Company entered into a definitive agreement for a strategic investment in MMRFIC Technology Private Limited (MMRFIC). As per the terms of the agreement, the Parent Company would make an investment of Rs.200 million in 149,250 Compulsorily Convertible Preference Shares (CCPS) of Rs.100 each with a premium of Rs.1,240 per CCPS; and 17 Equity Shares of Re.1 each with a premium of Rs.599 per Equity Share, for an approximate 21% stake in MMRFIC and has a right to invest and increase stake up to 51% at a predefined valuation formula. During the quarter ended 30 June 2023, the Parent Company has made an investment of Rs.50 million in 37,310 Series A1 Compulsorily Convertible Preference Shares (CCPS) of Rs.100 each at a premium of Rs.1,240 per CCPS.

6 Previous period figures have been regrouped/reclassified wherever necessary, to confirm to current period's classification.

7 The Investors can visit the Company's website www.sansera.in for updated information.

For and on behalf of the Board of Directors

SANSERA ENGINEERING LIMITED BANGALORE 560 105.

S. Sekhar Vasan
Chairman and Managing Director
DIN: 00361245

Date: 1 August 2023
Place: Bengaluru

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Deloitte Haskins & Sells

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To The Members of Sansera Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sansera Engineering Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") and the Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue recognition** (Refer Note 2 and note 28 to consolidated financial statements) The Group recognizes revenue as per Ind AS 115-Revenue from contracts with customers. The Group identifies the performance obligation and assesses the satisfaction of the performance obligation for the purpose of recognizing revenue. Sale of products forms a significant component of the total revenue where the revenue is recognized on transfer of control of the products to the end customer. The transfer of control is assessed based on the inco-terms agreed with the end customer. We consider cut off assertion of revenue recognition to be a key area of focus for our audit due to: • the existence of large number of contracts with the customers. • value of the sales transactions at the period end date and management's determination of the point of transfer of control for sales reversal; and • change in the management's control in the current year for evaluating revenue recognition in the correct accounting period.	Principal audit procedures performed included the following: • We have assessed the appropriateness of the Group's accounting policies for revenue recognition by comparing with the Indian accounting standards. • We have . evaluated the design, implementation and operating effectiveness of key internal controls over recognition of revenue in the correct accounting period. • On a sample basis, we tested the revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognised appropriately when control is transferred. • We performed the lead time analysis by using the distance between the customer location and dispatch location and subsequently arrived at the expected lead time for delivery. The same was used to identify exceptions or outliers (if any). • We tested on a sample basis, specific revenue transactions recorded before and after the financial year end date to assess whether the revenue is recognized in the correct financial period in which control is transferred.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Management Discussion and Analysis, Corporate Governance Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Board's Report, Management Discussion and Analysis, Corporate Governance Report, are expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from its respective financial statements audited by the other auditor.
- When we read the Board's Report, Management Discussion and Analysis, Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- We did not audit the financial information of one subsidiary, whose financial information reflect total assets of Rs. 1,482.19 million as at March 31, 2024, total revenues of Rs. 1,626.90 million and net cash outflows (net) of Rs. 105.01 million for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

- We did not audit the financial information of one subsidiary, whose financial information reflect total assets of Rs. 865.06 million as at March 31, 2024, total revenues of Rs. Nil and net cash inflows amounting to Rs.1.02 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 5.06 million for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of one associate, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial information of the subsidiary referred to in the other matters section above, we report to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law maintained by the Group and its associate including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except in relation to compliance with the requirements of audit trail, refer paragraph (i)(vi) below.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2024 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modifications relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.

   g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to the directors during the year is in accordance with the provisions of Section 197 of the Act and based on the auditor's reports of subsidiary company incorporated in India, the said subsidiary company being private company, section 197 of the Act related to the managerial remuneration is not applicable.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate - Refer note 37 to the consolidated financial statements;

ii) The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent. There were no amounts required to be transferred to Investor Education and Protection Fund by its subsidiary and associate incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us, to the best of their knowledge and belief, as disclosed in the note 48 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or the subsidiary and associate to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiary and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us, to the best of their knowledge and belief, as disclosed in the note 48 to the consolidated financial statements, no funds have been received by the Parent or the subsidiary and associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or the subsidiary and associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which is a company incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with Section 123 of the Act, as applicable.

As stated in note 50 to the consolidated financial statements, the Board of Directors of the Parent, have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with Section 123 of the Act, as applicable. No dividend has been proposed, declared and paid by the subsidiary and associate which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable.

vi) Based on our examination which included test checks, the Parent and the subsidiary which are incorporated in India, have used accounting softwares for maintaining its books of account for the year ended March 31, 2024 wherein the accounting softwares did not have the audit trail feature enabled throughout the year (refer note 49 of the consolidated financial statements).

The financial information of the associate, incorporated in India, which is not material to the Consolidated Financial Statements of the Group, has not been audited under the provisions of the Act as of the date of the report. Therefore, we are unable to comment on the reporting requirement under Rule 11(g) of the Companies (Accounts and Auditors) Rules, 2014 in respect of this associate.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph (4) of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent and the auditors of the subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is applicable and based on the identification of matters of qualifications or adverse remarks in the CARO report by us, we report that in respect of the Company where audit have been completed under Section 143 of the Act, the auditor of Company have not reported any qualifications or adverse remarks except for the following

Name of the Company	**CIN**	**Nature of relationship**	**Clause Number of CARO report with qualification or adverse remark**
Fitwel Tools and Forgings Private Limited	U29220KA1983PTC005690	Subsidiary	Clause (ix)(d)

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In respect of the following Company included in the consolidated financial statements of the Company, whose audit under Section 143 of the Act has not yet been completed, the CARO report as applicable in respect of this Company is not available and consequently has not been provided to us as on the date of this audit report:

Name of the Company	CIN	Nature of relationship
MMRFIC Technology Private Limited	U72200KA2014PTC077359	Associate

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Monisha Parikh
Partner
(Membership No. 047840)
UDIN: 24047840BKFIXO6104

Place: Bengaluru
Date: May 16, 2024
MP/MS/VJ/2024

Deloitte
Haskins & Sells

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of **Sansera Engineering Limited** (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary company, and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Monisha Parikh
Partner
(Membership No. 047840)
UDIN: 24047840BKFIXO6104

Place: Bengaluru
Date: May 16, 2024
MP/MS/VJ/2024

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Balance Sheet as at 31 March 2024

(Amount in ₹ millions)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.a	14,625.13	12,691.41
Right-of-use assets	3.d	841.86	873.12
Capital work in progress	3.b	835.00	756.61
Goodwill	3.e	343.28	347.07
Other Intangible assets	3.c	29.59	24.54
Investments accounted for using the equity method	4.a	205.06	-
Financial assets			
(i) Investments	4.b	195.43	104.93
(ii) Loans	5	18.01	8.99
(iii) Other financial assets	6	295.06	279.03
Current tax assets (net)	7.a	87.51	85.08
Other non-current assets	8	456.42	313.72
Total non-current assets		**17,932.35**	**15,484.50**
Current assets			
Inventories	9	4,189.11	3,709.63
Financial assets			
(i) Investments	10	10.19	6.73
(ii) Trade receivables	11	4,622.12	4,327.31
(iii) Cash and cash equivalents	12	486.35	495.58
(iv) Bank balances other than cash and cash equivalents	13	143.35	120.83
(v) Loans	14	25.13	32.45
(vi) Other financial assets	15	77.87	188.63
Other current assets	16	440.90	262.97
Total current assets		**9,995.02**	**9,144.13**
Total Assets		**27,927.37**	**24,628.63**

HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Balance Sheet as at 31 March 2024 (Continued)

(Amount in ₹ millions)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	17	107.23	105.86
Other equity	18	13,366.73	11,573.48
Total equity attributable to owners of the Company		13,473.96	11,679.34
Non-controlling interests		159.24	140.34
Total equity		**13,633.20**	**11,819.68**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	2,515.86	2,630.25
(ii) Lease liabilities	3.d	796.10	821.32
Provisions	20	27.34	28.92
Deferred tax liabilities (net)	21	692.42	688.60
Other non-current liabilities	22	497.18	487.40
Total non-current liabilities		**4,528.90**	**4,656.49**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	5,495.13	4,490.86
(ii) Lease liabilities	3.d	99.50	99.81
(iii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		308.26	202.72
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,249.41	2,724.06
(iv) Other financial liabilities	25	248.28	188.60
Other current liabilities	26	308.44	415.68
Provisions	27	15.72	25.73
Current tax liabilities (net)	7.b	40.53	5.00
Total current liabilities		**9,765.27**	**8,152.46**
Total Equity and Liabilities		**27,927.37**	**24,628.63**

Summary of material accounting policies 2

See accompanying notes forming part of financial statements

As per our report of even date attached:

for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 047840)

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 16 May 2024

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 16 May 2024

SANSERA ENGINEERING LTD. BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Profit and Loss for the year ended 31 March 2024

(Amount in ₹ millions)

Particulars	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	28	28,114.32	23,460.44
Other income	29	24.26	100.69
Total Income		**28,138.58**	**23,561.13**
Expenses			
Cost of materials consumed	30	12,505.73	10,863.04
Changes in inventories of finished goods and work-in-progress	31	(330.33)	(688.46)
Employee benefits expense	32	3,797.82	3,179.61
Finance costs	33	770.06	615.10
Depreciation and amortisation expenses	34	1,494.80	1,300.80
Other expenses	35	7,342.59	6,258.72
Total expenses		**25,580.67**	**21,528.81**
Profit before tax		**2,557.91**	**2,032.32**
Tax expense:	38		
Current tax		681.93	476.73
Adjustment of tax relating to earlier years		5.27	18.86
Deferred tax		0.28	53.31
Total tax expense		**687.48**	**548.90**
Share of profits of associate, net of tax		5.06	-
Profit for the year		**1,875.49**	**1,483.42**
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of the net defined benefit liability		(12.68)	(26.40)
Income tax relating to items that will not be reclassified to profit or loss		3.07	6.70
Share of Other Comprehensive Income of an associate		(0.08)	-
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss		**(9.69)**	**(19.70)**
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		4.10	0.12
Income tax relating to items that will be reclassified to profit or loss		(1.03)	(0.03)
Net other comprehensive income/(loss) to be reclassified subsequently to profit or loss		**3.07**	**0.09**
Other comprehensive income/(loss) for the year, net of income tax		**(6.62)**	**(19.61)**
Total Comprehensive Income for the year		**1,868.87**	**1,463.81**
Profit attributable to :			
Owners of the Company		1,857.55	1,461.95
Non-controlling interests		17.94	21.47
Total profit for the year		**1,875.49**	**1,483.42**
Other comprehensive income/(loss) attributable to:			
Owners of the Company		(7.58)	(19.14)
Non-controlling interests		0.96	(0.47)
Total other comprehensive income/(loss)		**(6.62)**	**(19.61)**
Total comprehensive income attributable to:			
Owners of the Company		1,849.97	1,442.81
Non-controlling interests		18.90	21.00
Total Comprehensive Income for the year		**1,868.87**	**1,463.81**
Earnings per equity share (face value of ₹ 2 each)			
Basic (in ₹)	36	34.83	27.74
Diluted (in ₹)	36	34.40	27.17

Summary of material accounting policies 2
See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Munisha Parikh
Partner
(Membership No. 047840)

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 16 May 2024

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Place: Bengaluru
Date: 16 May 2024

F R Singhvi
Joint Managing Director
DIN: 00233146

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

SANSERA ENGINEERING LTD. BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Cash Flows for the year ended 31 March 2024

(Amount in ₹ millions)

Particulars	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Cash flows from operating activities			
Profit before tax including share of profit of associate		2,562.97	2,032.32
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses	34	1,494.80	1,300.80
Income from government grants	29	(58.89)	(55.31)
Interest income	29	(12.75)	(16.34)
Fair value gain on financial instruments at fair value through profit or loss	29	(3.45)	(0.76)
Gain on disposal of property, plant and equipment, net	29	(4.75)	(3.45)
Unrealised foreign exchange (gain)/loss, net		59.53	(48.26)
Employee stock compensation expense	32	46.11	60.76
Finance costs	33	770.06	615.10
Share of profit from investment in Limited Liability Partnership (LLP)	29	(2.92)	-
Share of profit from investment in associate		(5.06)	-
Allowance for credit losses	35	(52.22)	58.77
Operating cash flows before changes in operating assets and libilities		**4,793.43**	**3,943.63**
Changes in operating assets and liabilities:			
Decrease/(increase) in trade receivables		(310.27)	(235.12)
Decrease/(increase) in other financial assets and other assets		(109.20)	92.48
Decrease/(increase) in inventories		(479.48)	(933.60)
Increase/(decrease) in trade payables		634.23	267.98
Increase/(decrease) in other liabilities		(106.94)	149.75
Increase/(decrease) in provisions		(24.27)	(165.12)
Cash generated from operations		**4,397.50**	**3,120.00**
Income taxes paid, net		(654.10)	(555.82)
Net cash generated from operating activities (A)		**3,743.40**	**2,564.18**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,355.52)	(2,420.23)
Purchase of intangible assets	3.c	(17.12)	(11.81)
Proceeds from disposal of property, plant and equipment		(13.82)	7.12
Receipt of government grant		-	6.56
Investment in associate		(200.01)	-
Investment in Limited Liability Partnership (LLP)		(90.50)	-
Interest received	29	12.75	16.34
Share of profit from investment in Limited Liability Partnership (LLP)	29	2.92	-
Movement in fixed deposits, net	13	(22.13)	(6.77)
Net cash used in investing activities (B)		**(3,683.43)**	**(2,408.79)**
Cash flows from financing activities			
Proceeds/(repayments) of non-current borrowings:			
Proceeds (refer note (i) below)		1,130.39	1,708.79
Repayments (refer note (i) below)		(1,241.60)	(1,380.88)
Proceeds of current borrowings, net (refer note (i) below)		1,004.58	344.37
Interest paid (refer note (i) below)		(742.93)	(557.44)
Payment of lease rentals (refer note (i) below)	3.d	(128.57)	(118.47)
Dividend payment		(133.32)	(105.26)
Proceeds from issue of equity share capital		31.85	47.21
Net cash used in financing activities (C)		**(79.60)**	**(61.68)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(19.63)**	**93.71**
Cash and cash equivalents at the beginning of the year	12	495.58	383.44
Effect of exchange differences on translation of foreign currency cash and cash equivalents		10.40	18.43
Cash and cash equivalents at the end of the year (refer below)	12	486.35	495.58

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Cash on hand	0.66	0.70
Balances with banks - on current accounts	485.69	494.88
Cash and cash equivalents at the end of the year	486.35	495.58

HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

(Amount in ₹ millions)

The above consolidated statement of cash flows has been prepared under indirect method in accordance with Indian Accounting Standard (IND AS) 7 on "Statement of Cash Flows"
Note (i) Reconciliation of liabilities from financing activities:

Particulars	Opening balance	Cash flows		Non-cash movements			Closing balance
	1 April 2023	Proceeds	Repayments	Reclassification	Additions (net)/Accruals	Fair value changes/Effect of foreign exchange differences	31 March 2024
Non-current borrowings	3,918.87	1,130.39	(1,241.60)	27.57	-	(63.75)	3,771.48
Current borrowings *	3,202.24	1,004.58	-	(27.57)	-	60.26	4,239.51
Interest	27.20	-	(742.93)	-	727.66	-	11.93
Lease liabilities	921.13	-	(128.57)	-	54.72	48.32	895.60

Particulars	Opening balance	Cash flows		Non-cash movements			Closing balance
	1 April 2022	Proceeds	Repayments	Reclassification	Additions (net)/Accruals	Fair value changes/Effect of foreign exchange differences	31 March 2023
Non-current borrowings	3,430.30	1,708.79	(1,380.88)	176.27	-	(15.61)	3,918.87
Current borrowings *	3,021.14	344.37	-	(176.27)	-	13.00	3,202.24
Interest	9.63	-	(557.44)	-	570.89	4.12	27.20
Lease liabilities	1,013.14	-	(118.47)	-	44.21	(17.75)	921.13

* Current borrowings are disclosed net of proceeds/repayments.

Summary of material accounting policies 2

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 047840)

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 16 May 2024

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 16 May 2024

SANSERA ENGINEERING LTD. BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Changes in Equity as at 31 March 2024

A. Equity share capital

(Amount in ₹ millions)

Equity shares of ₹ 2 each issued, subscribed and fully paid	No. of shares	Amount
As at 01 April 2023	52,929,540	105.86
Changes in Equity Share Capital due to prior period errors	-	-
Restated as at 31 March 2024	52,929,540	105.86
Add: Shares issued on exercise of employee stock options	685,610	1.37
As at 31 March 2024	53,615,150	107.23
As at 01 April 2022	52,155,815	104.31
Changes in Equity Share Capital due to prior period errors	-	-
Restated as at 31 March 2023	52,155,815	104.31
Add: Shares issued on exercise of employee stock options	773,725	1.55
As at 31 March 2023	52,929,540	105.86

B. Other equity

(Amount in ₹ millions)

Particulars	Reserves and Surplus						Other Comprehensive Income(OCI)		Attributable to owners of the Company	Non-Controlling Interests	Total Equity
	Capital reserve	Securities premium	Capital redemption reserve	Share options outstanding reserve	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit liability			
As at 01 April 2023	8.17	1,565.45	0.55	195.73	135.48	9,648.55	19.55	-	11,573.48	140.34	11,713.82
Exercise of options			-	46.11	-	-	-	-	46.11	-	46.11
Transfers	-	109.86	-	(82.41)	3.04	-	-	-	30.49	-	30.49
Dividend (refer note 50)						(133.32)	-		(133.32)		(133.32)
Profit for the year	-	-	-	-	-	1,857.55	-	-	1,857.55	17.94	1,875.49
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	(10.65)	(10.65)	-	(10.65)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	3.07	-	3.07	-	3.07
Transfer to retained earnings	-	-	-	-	-	(10.65)	-	10.65	-	0.96	0.96
As at 31 March 2024	8.17	1,675.31	0.55	159.43	138.52	11,362.13	22.62	-	13,366.73	159.24	13,525.97
As at 01 April 2022	8.17	1,431.39	0.55	223.37	135.48	8,311.09	19.46	-	10,129.51	119.34	10,248.85
Exercise of options	-	-	-	60.76	-	-	-	-	60.76	-	60.76
Transfers	-	134.06	-	(88.40)	-	-	-	-	45.66	-	45.66
Dividend (refer note 50)						(105.26)	-		(105.26)		(105.26)
Profit for the year	-	-	-	-	-	1,461.95	-	-	1,461.95	21.47	1,483.42
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	(19.23)	(19.23)	-	(19.23)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	0.09	-	0.09	-	0.09
Transfer to retained earnings	-	-	-	-	-	(19.23)	-	19.23		(0.47)	(0.47)
As at 31 March 2023	8.17	1,565.45	0.55	195.73	135.48	9,648.55	19.55	-	11,573.48	140.34	11,713.82

In accordance with Notification G.S.R 404(E), dated 06 April 2016, as included in amended Schedule III, the Company has recognised remeasurement of defined benefit plans amounting to (₹10.65) million (31 March 2023: (₹ 19.23) million) as a part of retained earnings.

Summary of material accounting policies 2
See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 047840)

HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 16 May 2024

for and on behalf of the Board of Directors of **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

SANSERA ENGINEERING LTD. BANGALORE 560 105.

Place: Bengaluru
Date: 16 May 2024

Group Overview

Sansera Engineering Limited (the "Company" or "Parent Company") is a public company incorporated on 15 December 1981 under the provisions of the Companies Act, 1956 with its registered office and principal place of business in Bengaluru, Karnataka. The Company along with its subsidiaries Fitwel Tools and Forgings Private Limited, Sansera Sweden AB and Sansera Engineering Pvt. Ltd. Mauritius (together referred to as "Group") and its associate MMRFIC Technology Private Limited . is involved in the business of manufacture of auto components such as rocker arms, connecting rods, gear shifters, crank shafts, and aerospace components, radars and mm-wave sensors. It is also involved in providing services such as forging and other related services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in Sweden. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on 16 May 2024.

1. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Principles of consolidation

The consolidated financial statements include the results of the following components:

S. No.	Name of the Entity	Country of incorporation	Nature	Effective group shareholding %
1	Fitwel Tools and Forgings Private Limited	India	Subsidiary	70
2	Sansera Sweden AB	Sweden	Subsidiary	100
3	Sansera Engineering Pvt. Ltd., Mauritius	Mauritius	Subsidiary	100
4	MMRFIC Technology Private Limited	India	Associate	21

c. Basis of consolidation

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

1. Basis of Preparation (continued)

In accordance with Appendix C to Ind AS 103 on Business combinations of entities under common control, the Group accounts for these business combinations using the pooling of interest method as per the guidance provided under Appendix C to Ind AS 103. The consolidated financial statements in respect of prior periods are restated as if the combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of the combination. All the assets and liabilities including have been recorded at their existing carrying amounts.

Subsidiary companies

Subsidiary companies are all entities over which the group has control. The group controls an entity when the group 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gain / loss on transactions between group companies are eliminated. The financial statements are prepared by applying uniform policies in use at the Group.

Non- controlling interests (NCI)

NCI in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. The parent company's portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as on the date of the investment.

Associate company

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Group consolidates the associate under equity method as per Ind AS 28. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets

d. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company, and the presentation currency considered for the Group. The functional currency of the subsidiaries operations in Mauritius is Euro and that of its operations in Sweden is Swedish Krona (SEK).

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e., INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated statement of profit and loss.

All amounts have been rounded-off to the nearest millions, unless otherwise indicated

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SANSERA ENGINEERING LTD. BANGALORE 560 105.

1. Basis of preparation (Continued)

e. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Derivative instruments at fair value;
- Net defined benefit (asset)/liability at fair value of plan assets less present value of defined benefit obligations;
- Current investments at fair value through consolidated statement of profit and loss; and
- Share based payment transactions at fair value.

f. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in lease classification.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending ended 31 March 2024 is included in the following notes:

- Note 2(a), 2(b), 3.a and 3.c - Depreciation and amortisation method and useful lives of items of property, plant and equipment and intangibles assets;
- Note 3.a and 3.c – Impairment of property, plant and equipment;
- Note 38 – recognition of deferred tax assets;
- Note 32 and 40 measurement of defined benefit obligations: key actuarial assumptions;
- Note 43 – Impairment of financial assets;
- Note 46 – Impairment of goodwill; and
- Note 15, 25 and 43 – Derivative contracts at fair value.

g. Measurement of fair values

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

1. Basis of preparation (Continued)

g. Measurement of fair values (Continued)

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). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

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 Group 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 categorized 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Note 41 – Employee stock options; and
- Note 42 – Financial instruments;

2. MATERIAL ACCOUNTING POLICIES

a. Property, plant and equipment
i. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

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.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

2. Material accounting policies (continued)

a. Property, plant and equipment (continued)

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the consolidated statement of profit and loss in the period in which they are incurred.

ii. Depreciation methods, estimated useful lives and residual values

Depreciation is provided on a Straight-Line Method ("SLM") over the useful life of property, plant and equipment as prescribed under Part C of Schedule II of the Companies Act, 2013. In case of second hand assets purchased, the useful life considered is based on the remaining useful life of such asset determined based on technical evaluation and its proposed use. Depreciation for assets purchased/sold during a period is proportionately charged. The useful lives for property, plant and equipment is as follows:

Asset category	Estimated useful life (in years)
Building	30
Plant and machinery	5-25
Furniture and fixtures	10
Vehicles	8
Office equipment	5
Electrical installations	10
Computer (including software)	3-6

Freehold land is not depreciated.

b. Business combination, Goodwill and Intangible assets

Business combinations, other than through common control transactions, are accounted for using the purchase (acquisition) method in accordance with Ind AS 103, Business Combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method. Transaction costs incurred in connection with a business combination are expensed as incurred.

(i) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Any goodwill that arises is tested annually for impairment.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

2. Material accounting policies (continued)

(ii) Customer relationships:

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life for customer relationship is expected to be 7 years. The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

(iii) Other Intangibles:

Intangible assets purchased are measured at cost less accumulated amortisation and accumulated impairment, if any. Intangible assets are amortised in the consolidated statement of profit and loss over their estimated useful life of 3 years on a straight-line basis.

c. Inventories

i. Inventories are measured at the lower of cost and net realisable value (NRV). Cost comprises purchase price and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Raw material, stores and spares	:	on weighted average basis
Work in progress	:	includes cost of conversion
Finished goods	:	includes cost of conversion

ii Fixed production overheads are allocated on the basis of normal capacity of production facilities. The comparison of cost and NRV is made on an item-by-item basis. Spare parts that meet the definition of asset are capitalised at their respective carrying amounts. The NRV of work-in-progress is determined with reference to NRV of related finished goods.

iii Raw materials and other supplies held for use in production of inventories 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 NRV.

iv. Provision for inventory obsolescence is assessed periodically and is provided as considered necessary

d. Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligation in contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

2. Material accounting policies (continued)

Revenue is recognised upon transfer of control of goods or services to buyer in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services.

Sale of products is adjusted net of Goods and Service tax, returns, trade discounts, and volume rebates.

Service income is recognized when the related services are rendered unless significant future contingencies exist.

Export incentives are recognised in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of export made.

Dividend income is recognised in the consolidated statement of profit and loss on the date on which the right to receive payment is established.

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

e. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through consolidated statement of profit and loss.

f. Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

2. Material accounting policies (continued)

f. Government Grants (continued)

Government grants relating to an expense item are recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the consolidated statement of profit and loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

g. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non- lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

2. Material accounting policies (continued)

g. Leases (Continued)

The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and a charge or credit to the consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

Lease payments associated with following leases are recognised as expense on straight-line basis:
(i) Low value leases; and
(ii) Leases which are short-term

h. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

Cash and cash equivalents
Cash and cash equivalents include cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

2. Material accounting policies (continued)

h. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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 at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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 at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss (FVTPL). This include all derivative assets and current investments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense and are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the consolidated statement of profit and loss.

Derivative Instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative instruments are recorded at fair value on every reporting date with changes being accounted in consolidated statement of profit and loss.

iii. Drecognition

Financial assets

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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

2. Material accounting policies (continued)

h. Financial instruments (continued)

Financial liabilities

The Group derecognises 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 consolidated statement profit and loss.

i. Impairment

i. Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised 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 assets have occurred.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

ii. Impairment of non - financial assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's non-financial assets, other than inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

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2. Material accounting policies (continued)

ii. Impairment of non - financial assets (continued)

An impairment loss in respect of goodwill is not subsequently reversed. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

j. Employee benefits

i. Defined benefit plan

Gratuity

The Group's gratuity plan is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the balance sheet date.

Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

ii. Defined contribution plan

Provident fund
Provident fund is a post-employment benefit plan under which t makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the consolidated statement of profit and loss during the period in which the related services are rendered by the employees.

2. Material accounting policies (continued)

iii. Share-based payment transactions

Employees of the Group receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the consolidated statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally become entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

k. Taxes

Current income tax

Current income 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 income 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 at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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2. Material accounting policies (continued)

l. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to the owners of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year for the year attributable to the owners of the Group by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

m. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item 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.

n. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows to their present value and 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.

Provisions for onerous contracts, i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

o. Segment reporting

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Directors of the Group has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources based on single segment approach and accordingly. information has been presented.

p. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

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Sansera Engineering Limited

Corporate Identity Number (CIN) : L34103KA1981PLC004542

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

3.a Property, plant and equipment

(Amount in ₹ millions)

Particulars	Owned Property, plant and equipment										
	Land # (1)	Buildings (2)	Plant and machinery (3)	Furniture and fixtures (4)	Vehicles (5)	Office equipment (6)	Electrical installations (7)	Computers (8)	Leasehold improvements (9)	Leasehold land ##	Total
Gross Carrying Amount											
At 1 April 2022	**496.89**	**1,345.26**	**12,577.73**	**51.59**	**168.31**	**56.19**	**553.23**	**98.82**	**220.92**	**2.01**	**15,570.95**
Additions	95.78	660.09	1,933.83	18.64	35.00	13.29	85.10	26.98	-	-	2,868.71
Disposals	-	-	(26.67)	(0.30)	(17.93)	(1.17)	-	(18.01)	-	-	(64.08)
Effect of foreign exchange differences	-	-	(1.99)	0.03	-	(0.23)	-	(0.43)	(5.56)	-	(8.18)
At 31 March 2023	**592.67**	**2,005.35**	**14,482.90**	**69.96**	**185.38**	**68.08**	**638.33**	**107.36**	**215.36**	**2.01**	**18,367.40**
Reclassification	-	-	-	-	-	-	-	(4.19)	-	-	(4.19)
Additions	62.00	380.14	2,592.91	7.17	53.73	11.78	190.50	36.93	0.50	-	3,335.67
Disposals	-	-	(23.38)	-	(33.96)	-	(0.47)	(14.78)	-	-	(72.59)
Effect of foreign exchange differences	-	-	(7.41)	0.03	-	(0.17)	-	(0.39)	(4.24)	-	(12.24)
At 31 March 2024	**654.67**	**2,385.49**	**17,045.02**	**77.10**	**205.15**	**79.69**	**828.36**	**124.94**	**211.62**	**2.01**	**21,614.05**
Accumulated Depreciation											
At 1 April 2022	-	**225.06**	**3,765.66**	**29.95**	**81.55**	**38.36**	**266.10**	**69.12**	**54.38**	-	**4,530.18**
Charge for the year	-	60.26	1,030.68	5.30	19.98	4.61	52.39	17.49	12.31	-	1,203.02
Disposals	-	-	(18.18)	(0.28)	(15.69)	(1.13)	-	(18.01)	-	-	(53.29)
Effect of foreign exchange differences	-	-	(2.09)	-	-	(0.06)	-	(0.70)	(1.07)	-	(3.92)
At 31 March 2023	-	**285.32**	**4,776.07**	**34.97**	**85.84**	**41.78**	**318.49**	**67.90**	**65.62**	-	**5,675.99**
Reclassification	-	-	-	-	-	-	-	(3.31)	0.00	-	(3.31)
Charge for the year	-	75.27	1,173.70	7.07	23.69	7.43	65.34	25.74	11.32	-	1,389.56
Disposals	-	-	(19.70)	-	(29.90)	-	(0.47)	(14.78)	-	-	(64.85)
Effect of foreign exchange differences	-	-	(6.79)	-	-	(0.04)	-	(0.33)	(1.30)		(8.47)
At 31 March 2024	-	**360.59**	**5,923.28**	**42.04**	**79.63**	**49.17**	**383.36**	**75.21**	**75.64**	-	**6,988.92**
Carrying Amount (net)											
At 31 March 2024	**654.67**	**2,024.90**	**11,121.74**	**35.06**	**125.52**	**30.52**	**445.00**	**49.73**	**135.98**	**2.01**	**14,625.13**
At 31 March 2023	**592.67**	**1,720.03**	**9,706.83**	**34.99**	**99.54**	**26.30**	**319.84**	**39.46**	**149.74**	**2.01**	**12,691.41**

Notes:

\# (a) Includes land of 60,786.60 square meter allocated by Karnataka Industrial Area Development (KIADB) at Plot no. 48, 2nd Phase, Sector - 2, Bidadi Industrial Area for a period of 10 years w.e.f. 8 August 2014 to the Company on a lease cum sale basis.

(b) Karnataka Industrial Area Development Board (KIADB) has allotted land measuring 2,025 square meter at Plot no. 143-B-8 Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099, Karnataka on a lease cum sale basis for a period of 11 years w.e.f. 07 September 1999 and 1,058 square meter at Plot no. 143-B-8-Part Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099, Karnataka on a lease cum sale basis for a period of 11 years w.e.f. 29 May 2001 with specified terms and conditions to be complied with by each party. KIADB has alleged / contended that as per the terms and conditions of Clause 2(r)(ii) of the Lease Cum Sale Agreement dated 17.01.2000, the original allottee should hold minimum 51% shares in the Company till the execution of the sale deed and in view of there being a violation of the said clause by Sansera Engineering Limited (Sansera), they have issued a demand notice No. KIADB / HO / Allot / Secy – 3 / 12680 / 6102 / 19-20 dated 29.07.2019 calling upon Sansera to remit an additional sum of ₹ 5,383,798. Challenging the said demand, Sansera has filed Writ Petition seeking quashing of the said demand and also directions to execute the sale deed.

c) Includes land measuring 870.75 square meter allocated by Karnataka Small State Industrial Development Corporation (KSSIDC) at Industrial Estate, Antharasanahalli, Tumkur for a period of 6 years w.e.f. 29 September 2012, to Fitwel Tools and Forging Private Limited on a lease cum sale basis.

\#\# Karnataka Small State Industrial Development Corporation (KSSIDC) has allotted land of 4,257 square meter at Unit No. 5, KHT Complex, Antarasanahalli, Tumkur, Karnataka on a lease cum sale basis for a period of 4 years w.e.f. 8 January 1987, with specified terms and conditions to be complied with by each party. Subsequently, KSSIDC failed to comply with the terms of the agreement, hence Fitwel Tools and Forgings Private Limited (Fitwel) retained possession of the land. Pursuant to the communications with the KSSIDC, Fitwel has paid an amount of ₹ 2.01 million as consideration for the land, which has been capitalised. As at the balance sheet date, negotiations are in progress and Fitwel awaits the final approval of KSSIDC with respect to the registration of the land in the name of Fitwel.

Refer note 19 for details of charge over the Groups's property, plant and equipment for the borrowings taken by the Group.

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3.d Right-of-use assets and lease liabilities

(Amount in ₹ millions)

i) Following are the changes in the carrying value of right-of-use assets:

Particulars	Leasehold Land	Leased Buildings	Total
At 1 April 2022	**162.04**	**815.23**	**977.27**
Additions	-	-	-
Deletion	-	-	-
Depreciation	(6.96)	(80.04)	(87.00)
Effect of foreign exchange differences	-	(17.15)	(17.15)
At 31 March 2023	**155.08**	**718.04**	**873.12**
Additions	-	12.32	12.32
Deletion	-	(1.48)	(1.48)
Depreciation	(6.98)	(85.74)	(92.72)
Remeasurement	-	61.63	61.63
Effect of foreign exchange differences	-	(11.01)	(11.01)
At 31 March 2024	**148.10**	**693.76**	**841.86**

ii) The following is the movement in lease liabilities:

Particulars	Leasehold Land	Leased Buildings	Total
At 1 April 2022	**139.35**	**873.79**	**1,013.14**
Additions	-	-	-
Finance cost accrued during the year	10.35	33.86	44.21
Deletions	-	-	-
Payments	(12.00)	(106.47)	(118.47)
Effect of foreign exchange differences	-	(17.75)	(17.75)
At 31 March 2023	**137.70**	**783.43**	**921.13**
Additions	-	12.32	12.32
Finance cost accrued during the year	10.24	32.16	42.40
Deletions	-	(1.63)	(1.63)
Payments	(12.00)	(116.57)	(128.57)
Remeasurement	-	61.66	61.66
Effect of foreign exchange differences	-	(11.71)	(11.71)
At 31 March 2024	**135.94**	**759.66**	**895.60**

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at 31 March 2024	As at 31 March 2023
Current lease liabilities	99.50	99.81
Non-current lease liabilities	796.10	821.32
Total	**895.60**	**921.13**

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Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

3.d Right-of-use assets and lease liabilities (continued)

(Amount in ₹ millions)

iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Less than one year	118.50	121.81
One to five years	370.53	369.82
More than five years	737.91	746.84
Total lease liabilities	**1,226.94**	**1,238.47**
Less: Implicit interest	331.34	317.34
Lease liabilities included in the Balance sheet	**895.60**	**921.13**

v) Amount recognised in the consolidated statement of profit and loss:

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Depreciation on Right-of-use assets	92.72	87.00
Interest on lease liabilities	42.40	44.21
Low value lease rentals	5.86	14.94
(included with rent, classified under other expenses)		

vi) Amount recognised in the consolidated statement of cash flows:

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Cash outflows for leases	128.57	118.47
Total	**128.57**	**118.47**

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3.c Other Intangible Assets (Amount in ₹ millions)

Particulars	Owned Intangible		Total
	Customer relationship	Computer Software	
Gross Carrying Amount			
At 1 April 2022	**36.53**	**54.54**	**91.07**
Additions	-	11.81	11.81
Disposals	-	-	-
Effect of foreign exchange differences	(0.92)	-	(0.92)
At 31 March 2023	**35.61**	**66.35**	**101.96**
Reclassification	-	4.19	4.19
Additions	-	17.12	17.12
Disposals	-	-	-
Effect of foreign exchange differences	(0.67)	-	(0.67)
At 31 March 2024	**34.94**	**87.66**	**122.60**
Accumulated Amortisation			
At 1 April 2022	**26.10**	**41.01**	**67.11**
Amortisation for the year	4.64	5.88	10.52
Disposals	-	-	-
Effect of foreign exchange differences	(0.21)	-	(0.21)
At 31 March 2023	**30.53**	**46.89**	**77.42**
Reclassification	-	4.26	4.26
Amortisation for the year	4.64	7.88	12.52
Disposals	-	-	-
Effect of foreign exchange differences	(0.23)	-	(0.23)
At 31 March 2024	**34.94**	**59.03**	**93.97**
Carrying Amount (net)			
At 31 March 2024	-	**28.63**	**28.63**
At 31 March 2023	**5.08**	**19.46**	**24.54**

3.c.(i) There were no revaluation of Intangible assets during financial year 2023-24 and 2022-23.

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3.b Capital-work in progress (CWIP) aging schedule

(Amount in ₹ millions)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
As at 31 March 2024	786.48	31.93	10.28	6.31	835.00
As at 31 March 2023	672.90	64.18	10.61	8.92	756.61

The Group has a dedicated facility in Bengaluru for machine building and machine design with special purpose machines being manufactured in-house. Special purpose machines are customised machines deployed to automate industrial processes to ensure high productivity. Machinery component required for machine building process are included in capital work-in-progress.

There are no projects which are under suspension. With regard to the ongoing projects there are no projects where completion is overdue or has exceeded the cost as compared to its original plan, considering amendments as may be approved. The Projects in-progress for more than 3 years represent components which would be commonly used across various special purpose machines being manufactured in-house.

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(Amount in ₹ millions)

3.c Goodwill

Particulars	As at 31 March 2024	As at 31 March 2023
Carrying amount at the beginning of the year	347.07	352.25
Effect of foreign exchange differences	(3.79)	(5.18)
Carrying amount at the end of the year	**343.28**	**347.07**

Note: For details of impairment tests for goodwill refer note 47

4.a Investment accounted for using the equity method

Particulars	As at 31 March 2024	As at 31 March 2023
MMRFIC Technology Private Limited		
Investment in equity instruments	0.01	
(17 (31 March 2023: Nil) equity shares of ₹10 each fully paid up)		
Investment in preference shares		
37,310 (31 March 2023: Nil) Series A1 Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	50.00	
55,970 (31 March 2023: Nil) Series A2 Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	25.00	
55,970 (31 March 2023: Nil) Series A3 Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	24.99	
Share of profit for the year ended March 31, 2024	5.06	
Total	**105.06**	-

On 29 March 2023, the Company entered into a definitive agreement for a strategic investment in MMRFIC Technology Private Limited (MMRFIC). As per the terms of the agreement, the Company has made an investment of Rs.200.00 million in 149,250 Compulsorily Convertible Preference Shares (CCPS) of Rs 100 each at a premium of Rs 1,240 per CCPS; and 17 Equity Shares of Re 1 each at a premium of Rs 599 per Equity Share, for an approximate 21.37% stake in MMRFIC and has a further right to invest and increase stake up to 51% at a predefined valuation formula.

4.b Investments (Non-current)

Particulars	As at 31 March 2024	As at 31 March 2023
Unquoted (Measured at fair value through other comprehensive income)		
Partner contribution		
Clean Max Vega Power LLP	195.43	104.93
26% (31 March 2023: 26%)		
Total	**195.43**	**104.93**

Name of the Partners	As at 31 March 2024		As at 31 March 2023	
	Monetary Value of Contribution (Amount in ₹ millions)	Contribution Ratio	Monetary Value of Contribution (Amount in ₹ millions)	Contribution Ratio
Clean Max Enviro Energy Solutions Private Limited	556.23	74.00%	265.98	65.90%
Sansera Engineering Limited	195.43	26.00%	104.93	26.00%
CleanMax Renewable Trust	-	0.00%	32.67	8.10%
Kuldeep Jain #	-	0.00%	-	0.00%
Total Capital	**751.66**	**100.00%**	**403.58**	**100.00%**

₹ 10 (31 March 2023: ₹ 10) not presented above due to rounding off to nearest ₹ in million.

Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	195.43	104.93
Aggregate amount of impairment in investments	-	-

5 Loans (Non-current)

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good, at amortised cost		
Loans to the Directors of subsidiary Company*	1.93	2.28
Loans to employees	16.08	6.71
Total	**18.01**	**8.99**

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
*Total Loans to Directors of subsidiary Company	3.12	7.23%
Current portion	1.19	2.76%
Non current portion	1.93	4.47%

6 Other financial assets (Non-current)

Particulars	As at 31 March 2024	As at 31 March 2023
Security deposits - Unsecured, considered good	283.99	267.57
Bank deposits with more than 12 months maturity *	11.07	11.46
Total	**295.06**	**279.03**

* Represents deposits pledged against bank guarantees and letter of credits provided by the bank

7.a Current tax assets (net)

Particulars	As at 31 March 2024	As at 31 March 2023
Advance tax including tax deducted at source, net of provision for tax of Rs. 2,434.85 million	87.51	85.08
Total	**87.51**	**85.08**

7.b Current tax liabilities (net)

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for tax, net of advance tax including tax deducted at source of Rs. 1,056.64 million	40.53	5.00
Total	40.53	5.00

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(Amount in ₹ millions)

8 Other non-current assets

Particulars	As at 31 March 2024	As at 31 March 2023
Capital advances	422.45	303.66
Duty paid under protest	12.37	10.06
Prepayments	21.60	-
Total	**456.42**	**313.72**

9 Inventories *(valued at lower of cost and net realisable value)*

Particulars	As at 31 March 2024	As at 31 March 2023
Raw materials *	1,326.13	1,233.69
Work-in-progress	1,486.89	1,380.52
Finished goods **	1,054.58	830.62
Stores and spares	321.51	264.80
Total	**4,189.11**	**3,709.63**

* Includes stock of assembled components

** Includes stock in transit of ₹ 572.74 million (31 March 2023: ₹ 416.26 million)

a) Amount of inventories recognized as an expense is ₹ 14.94 million (Financial year 2022-23: ₹ ₹ 18.54 million)

b) Write-down of the inventories to net realisable value amounted to ₹ 1.50 million (Financial year 2022-23: ₹ ₹ 4.14 million). These were recognized as an expense during the year and included in note 30 and 31 in the consolidated statement of profit and loss

The mode of valuation of inventories has been stated in note 2 c

10 Current investments

Particulars	As at 31 March 2024	As at 31 March 2023
Quoted equity shares		
Equity shares at fair value through statement of profit and loss		
800 (31 March 2023: 800) equity shares of ₹10 each fully paid up of Maruti Suzuki India	10.19	6.73
Total	**10.19**	**6.73**
Aggregate amount of quoted investments	10.19	6.73
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in investments	-	-

11 Trade receivables

Particulars	As at 31 March 2024	As at 31 March 2023
Considered good - Secured	-	-
Considered good - Unsecured	4,661.30	4,418.71
That have an increase in Credit Risk that is significant	-	-
Credit Impaired	-	-
Total	**4,661.30**	**4,418.71**
Less: Allowance for credit losses	(39.18)	(91.40)
Trade receivables	**4,622.12**	**4,327.31**

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 43

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024							
(i) Undisputed Trade receivables - considered good	3,166.97	1,322.60	81.39	80.30	10.04	-	**4,661.30**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	3,166.97	1,322.60	81.39	80.30	10.04	-	4,661.30
Less: Allowance for credit losses							(39.18)
Trade receivables							4,622.12
As at 31 March 2023							
(i) Undisputed Trade receivables - considered good	2,792.88	1,345.99	249.49	24.60	5.75	-	**4,418.71**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	2,792.88	1,345.99	249.49	24.60	5.75	-	4,418.71
Less: Allowance for credit losses							(91.40)
Trade receivables							4,327.31

(a) Trade receivables are non-interest bearing and are generally on terms of 15 to 120 days

12 Cash and cash equivalents

Particulars	As at 31 March 2024	As at 31 March 2023
Balance with banks		
in current accounts	485.69	494.88
Cash on hand	0.66	0.70
Total	**486.35**	**495.58**

13 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2024	As at 31 March 2023
Bank deposits within 12 months maturity *	143.35	120.83
Total	**143.35**	**120.83**

* Includes certain deposits amounting to ₹ 37.51 millions as at 31 March 2024 (31 March 2023: ₹ 42.70 million) pledged against bank guarantees and letter of credits provided by the bank.

(Amount in ₹ millions)

14 Loans (Current)

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good, at amortised cost		
Loans to the Directors of subsidiary Company	1.19	0.91
Loans to employees	23.94	31.54
Total	**25.13**	**32.45**

15 Other financial assets (Current)

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good		
Unbilled revenue*	69.84	153.05
Derivative contracts at fair value	-	-
Others	8.03	35.58
Total	**77.87**	**188.63**

* Unbilled revenue includes revenue recognized in excess of invoicing towards price increases, where there is an unconditional right to receive consideration, and only act of invoicing is pending or tooling income where the Company has discharged its obligation and has an unconditional right to receive consideration for the work performed. The ageing of the unbilled is less 90 days as at March 31, 2024 and as at March 31, 2023.

16 Other current assets

Particulars	As at 31 March 2024	As at 31 March 2023
Duty drawback receivables	56.40	27.67
Advance to suppliers	170.25	113.21
Balances payable to government authorities	6.06	12.83
Fund balance related to compensated absences and gratuity	122.87	2.16
Prepayments	85.32	107.10
Total	**440.90**	**262.97**

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(Amount in ₹ millions except no. of shares)

17 Equity share capital

(i)

Particulars	As at 31 March 2024	As at 31 March 2023
Authorised share capital		
Equity shares		
62,500,000 (31 March 2023: 62,500,000) equity shares of ₹ 2 each (31 March 2023: ₹ 2 each)	125.00	125.00
Total	**125.00**	**125.00**
Issued, subscribed and paid up share capital		
Equity shares		
53,615,150 (31 March 2023: 52,929,540) equity shares of ₹2 each (31 March 2023: ₹ 2 each)	107.23	105.86
Total	**107.23**	**105.86**

(ii) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Number of shares outstanding at the beginning of the year	52,929,540	105.86	52,155,815	104.31
Add: Shares issued on exercise of employee stock options	685,610	1.37	773,725	1.55
Number of shares outstanding at the end of the year	**53,615,150**	**107.23**	**52,929,540**	**105.86**

(iii) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the Shareholders' meeting. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders or in line with the terms of the shareholders agreement as the case may be.

Promoters' contribution and lock-in: Pursuant to Regulations 14 of the SEBI ICDR Regulations, an aggregate of the 20% of the fully diluted post-Offer Equity Share capital of the Company held by Promoters shall be locked in for a period of three years as minimum Promoters' contribution ("Minimum Promoters' Contribution") from the date of Allotment

(iv) List of persons holding more than 5 percent shares in equity shares of the Company

Name of the shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% holding	No. of shares	% holding
S Sekhar Vasan	10,249,531	19.12%	10,249,531	19.36%
Client Ebene Limited	5,030,005	9.38%	9,554,842	18.05%
Axis Mutual Fund Trustee Limited	3,830,757	7.14%	3,037,875	5.74%
Kotak Small Cap Fund	3,493,612	6.52%	2,438,783	4.61%
Kotak Funds - India Midcap Funds	3,177,339	5.93%	974,406	1.84%
Unni Rajagopal K	2,845,549	5.31%	2,845,549	5.38%
F R Singhvi *	2,795,549	5.21%	2,795,549	5.28%

* Pursuant to the provisions of a memorandum of understanding executed between F R Singhvi and the Singhvi Family Shareholders, dated 15 May 2013, F R Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by the Singhvi Family Shareholders.

(v) As at 31 March 2024, the Company has reserved 1,126,702 shares (31 March 2023: 1,767,312 shares) for issuance towards outstanding employee stock option available for exercise. Refer note 41.

(vi) (a) There have been no shares allotted as fully paid up pursuant to contract without payment being received in cash during five years immediately preceding 31 March 2024, except with effect from 27 July 2018, on approval of shareholders, one equity share of ₹ 100 each was sub-divided into 50 equity shares of ₹ 2 each resulting into 3,237,000 number of shares. Subsequently, the Company had issued 43,699,500 bonus shares in the proportion of 27:2.

(b) There are no shares bought back during 5 years immediately preceding 31 March 2024.

(vii) Shareholding of Promoters in equity shares of the Company

31 March 2024

Promoter name	Shares held by promoters at the end of the year		% Change in number of shares during the year
	No. of Shares	% of total shares	
S Sekhar Vasan	10,249,531	19.12%	0.00%
Unni Rajagopal K	2,845,549	5.31%	0.00%
D Devaraj	2,176,374	4.06%	0.00%
F R Singhvi *	2,795,549	5.21%	0.00%
D. Devaraj - HUF	669,175	1.25%	0.00%
P Singhvi charitable trust	46,000	0.09%	(8.00%)
Total	**18,782,178**	**35.04%**	

31 March 2023

Promoter name	Shares held by promoters at the end of the year		% Change in number of shares during the year
	No. of Shares	% of total shares	
S Sekhar Vasan	10,249,531	19.36%	0.00%
Unni Rajagopal K	2,845,549	5.38%	0.00%
D Devaraj	2,176,374	4.11%	0.00%
F R Singhvi *	2,795,549	5.28%	0.00%
D. Devaraj - HUF	669,175	1.26%	0.00%
P Singhvi charitable trust	50,000	0.09%	0.00%
Total	**18,786,178**	**35.48%**	

* Pursuant to the provisions of a memorandum of understanding executed between F R Singhvi and the Singhvi Family Shareholders, dated 15 May 2013, F R Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by the Singhvi Family Shareholders.

The promoters of the Company are S Sekhar Vasan, F R Singhvi, Unni Rajagopal K and D Devaraj. Promoters' contribution and lock-in: Pursuant to Regulations 14 of the SEBI ICDR Regulations, an aggregate of the 20% of the fully diluted post-Offer Equity Share capital of the Company held by Promoters shall be locked in for a period of three years as minimum Promoters' contribution ("Minimum Promoters' Contribution") from the date of Allotment on 21 September 2021.

18 Other equity

(Amount in ₹ millions)

Summary of other equity balances *

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Reserves and surplus		
Capital redemption reserve	0.55	0.55
Capital reserve	8.17	8.17
Securities premium	1,675.31	1,565.45
General reserve	138.52	135.48
Retained earnings	11,362.13	9,648.55
Share options outstanding account	159.43	195.73
Exchange differences on translation of foreign operations (Net of tax)	22.62	19.55
Total	**13,366.73**	**11,573.48**

* Refer consolidated statement of changes in equity for detailed movement in above other equity balances

Nature and purpose of other equity:

Capital redemption reserve
The capital redemption reserve is created out of undistributed profits for purchase of its own shares

Capital reserve
Capital reserve of ₹ 2.56 million refers to the subsidy received from the Government of Karnataka, Department of Industries and Commerce. This subsidy was received as the Group was a small scale industry in that particular year. Balance pertains to share of pre-acquisition profits of a subsidiary at the time of acquisition by the Group accounted as capital reserve

Securities premium
Securities premium comprises of premium on issue of shares. The reserve is utilised in accordance with specific provision of the Companies Act, 2013

General reserve
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to consolidated statement of profit and loss

Retained earnings
Retained earnings are profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors

Share options outstanding account
The fair value of the equity-settled share based payment transactions with employees is recognised in the consolidated statement of profit and loss with corresponding credit to share options outstanding account.

Exchange differences on translation of foreign operations
Exchange differences arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

(Amount in ₹ millions)

19 Borrowings (Non-current)

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Secured at amortised cost		
Term loans from banks	2,515.69	2,578.16
Term loans from other financial institutions	-	51.59
Car loan from bank	0.17	0.50
Total	**2,515.86**	**2,630.25**

Term loans from banks:

Repayment and interest terms	**Name of the Lender**	**Security**	**As at 31 March 2024**	**As at 31 March 2023**
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from January 2019 and to be settled by July 2023. Loan carries interest rate of 7.95% p.a. - 8.4% p.a.	HSBC	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain properties (land and buildings) and secured by second pari-passu charge on current assets, both present and future	-	19.44
Repayable in 20 equal quarterly instalments of ₹21 million per quarter starting from March 2019 and to be settled by August 2023. The loan carries interest rate of 8.95% p.a.	HDFC Bank	Secured by first pari-passu charge on movable fixed assets, certain immovable fixed assets (land and buildings) and secured by second pari-passu charge on current assets, viz. inventories and receivables, both present and future	-	42.00
Repayable in 20 equal quarterly instalments of ₹20 million per quarter starting from September 2019 and to be settled by June 2024. The loan carries a interest rate of 8.43% p.a.			20.00	100.00
Repayable in 20 equal quarterly instalments of ₹25 million per quarter starting from January 2021 and to be settled by October 2025. The loan carries a interest rate of 8.93% p.a.			175.00	275.00
Repayable in 20 equal quarterly instalments of ₹39.28 million till October 2025 and ₹25 million per quarter thereon starting from Jun 2023 and to be settled by Mar 2028. The loan carries a interest rate of 8.43%			500.00	657.14
Repayable in 20 equal quarterly instalments of ₹45 million starting from Dec 2024 and to be settled by Sep 2029. The loan carries a interest rate of 8.24% p.a.			900.00	-
Repayable in 16 equal quartely instalments of ₹62.50 million starting from October 2021 and to be settled by July 2025. The loan carries a interest rate of 9.20% p.a.	Axis Bank	Secured by first pari-passu charge on entire movable fixed assets, both present and future, certain immovable properties and secured by second pari-passu charge on entire current assets, both present and future	373.32	623.33
Repayable in 54 equal monthly instalments of ₹18.5 million starting from Aug 2022 and to be settled by Jan 2027. The loan carries a interest rate of 8.30% p.a.	State Bank of India	Secured by first pari-passu charge on entire movable fixed assets, certain immovable properties and secured by second pari-passu charge on entire current assets, including inventories and receivables, both present and future	628.68	851.94
Repayable in 54 equal monthly instalments of ₹18.5 million starting from Mar 2023 and to be settled by Jan 2027. The loan carries a interest rate of 8.35% p.a.			628.87	851.00

(Amount in ₹ millions)

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2024	As at 31 March 2023
Repayable in 60 monthly instalments of ₹ 0.37 million per month starting from Jan 2020 and to be settled by Augest 2024. The loan carries a interest rate of 10.05% p.a.	HDFC Bank	Secured by first pari-passu charge on certain property/immovable assets and movable assets and secured by second pari-passu charge on current assets i.e., inventories and receivables, both present and future, of the Company	1.86	6.30
Repayable in 36 monthly instalments of ₹ 1.42 million per month starting from Nov 2021 and to be settled by October 2024. The loan carries a interest rate of 9.25% p.a.			9.96	27.02
Repayable in 60 monthly instalments of ₹ 1.11 million per month starting from Dec 2022 and to be settled by December 2027. The loan carries a interest rate of 9.34% p.a.			50.00	60.00
Repayable in 60 monthly instalments of ₹ 0.79 million per month starting from September 2023 and to be settled by September 2028. The loan carries a interest rate of 8.76% p.a.			42.70	60.00
Repayable in 16 quarterly instalments of ₹ 3.75 million per quarter starting from Jan 2023 and to be settled by September 2026. The loan carries a interest rate of 8.60% p.a.	Axis Bank	Secured by first pari-passu charge on certain property/immovable assets and movable fixed assets, both present and future, and secured by second pari-passu charge on current assets including receivables, both present and future.	37.50	52.50
Sweden Tax Agency loan	Sweden Tax Loan		351.25	139.82
Total			**3,719.14**	**3,765.49**
Less: Current maturities (Refer note 23)			(1,203.45)	(1,187.33)
Non-current			**2,515.69**	**2,578.16**

Term loans from other financial institutions :

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2024	As at 31 March 2023
Repayable in 54 equal monthly instalments of ₹6.72 million starting from April 2019 and to be settled by September 2023. The loan carries interest rate of 8.9% p.a.	Bajaj Finance Limited	Secured by first pari-passu charge on entire movable fixed assets, certain immovable properties and secured by second pari-passu charge on current assets, both present and future.	-	39.84
Repayable in 48 equal monthly instalments of ₹4.88 million starting from February 2021 and to be settled by January 2025. The loan carries interest rate of 9.15% p.a.			48.82	100.35
Repayable in 60 monthly instalments of ₹ 0.11 million per month starting from May 2018 and to be settled by August 2024. The loan carries a interest rate of 10.95% p.a.			0.51	7.83
Repayable in 60 monthly instalments of ₹ 0.21 million per month starting from May 2019 and to be settled by March 2025. The loan carries a interest rate of 10.95% p.a.			2.44	4.57
Total			**51.77**	**152.59**
Less: Current maturities (Refer note 23)			(51.77)	(101.00)
Non-current			-	**51.59**

Car loans from banks:

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2024	As at 31 March 2023
Repayable in 39 monthly instalments of ₹ 0.03 million per month starting from July 2022 and to be settled by September 2025. The loan carries a interest rate of 7.59% p.a.	HDFC Bank	Secured by certain movable fixed assets.	0.57	0.79
Total			**0.57**	**0.79**
Less: Current maturities (Refer note 23)			(0.40)	(0.29)
Non-current			**0.17**	**0.50**

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(Amount in ₹ millions)

20 Provisions (Non-Current)

Particulars		As at 31 March 2024	As at 31 March 2023
Provision for employee benefits			
Provision for gratuity (Refer note 40)		27.34	28.92
Total		**27.34**	**28.92**

21 Deferred tax liabilities (net)

Particulars		As at 31 March 2024	As at 31 March 2023
Deferred tax assets			
Provision for employee benefits		18.14	14.15
Security deposit		3.18	3.14
Allowance for credit losses		8.49	21.64
Derivative contracts at fair value		5.49	3.11
Right-of-use assets, net of lease liabilities (Ind AS 116)		2.49	11.49
Deductions allowed on payment basis		63.36	3.46
Total	(a)	**101.15**	**56.99**
Deferred tax liabilities			
Property, plant and equipment		790.13	740.08
On fair valuation of quoted investments		2.56	1.69
On Intangibles		-	1.02
Exchange differences arising from foreign operations		-	1.99
Others		0.88	0.81
Total	(b)	**793.57**	**745.59**
Deferred tax liabilities (net)	(c) = (b) - (a)	**692.42**	**688.60**

22 Other non-current liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred Government grant	497.18	487.40
Total	**497.18**	**487.40**

Movement in deferred Government grant (Current and Non-current)

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance	543.88	563.92
Add: Grants during the year	68.37	35.27
Less: Income recognised in the consolidated statement of profit and loss	(58.89)	(55.31)
Closing balance	553.36	**543.88**
Less: Amounts expected to be recognised in the next 12 months (Refer note 26) - current	(56.18)	(56.48)
Net Closing balance, non-current	**497.18**	**487.40**

The Government grant related to property, plant and equipment is recognised as income over the useful life, in proportion to the depreciation of the related asset under note 29 -Other income

23 Borrowings (Current)

Particulars	As at 31 March 2024	As at 31 March 2023
Loans from banks - Secured - at amortised cost		
Cash credit	84.98	31.70
Working capital loan	1,654.73	1,464.50
Packing credit	2,499.80	1,706.04
Current maturities of long-term debt (refer note 19)	1,255.62	1,288.62
Total	**5,495.13**	**4,490.86**

Cash credit, working capital loan, packing credit loan from banks and others amounting to ₹ 4,239.51 million as at 31 March 2024 (31 March 2023: ₹ ₹ 3,202.24 million) are secured by hypothecation of current assets, movable fixed assets and certain immovable properties of the Group

Working capital loan carries interest rate ranging from 8.14% p.a. to 9.10% p.a., Cash credit carries interest rate ranging from 6.47% p.a. to 8.55% p.a. and Packing credit carries interest rate ranging from 5.85% p.a. to 6.60% p.a.

The quarterly statements of current assets filed with the banks against the borrowings obtained by the Parent Company are in agreement with the unaudited books of accounts except in certain cases where the Parent Company is in the process of filing of the revised return

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24 **Trade payables**

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	308.26	202.72
Total outstanding dues of creditors other than to micro enterprises and small enterprises	3,249.41	2,724.06
Total	**3,557.67**	**2,926.78**

The Group's exposure to currency and liquidity risk related to trade payables are disclosed in note 43

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Accrued	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024							
Micro, small and medium enterprises - Undisputed	-	238.73	62.00	7.53	-	-	308.26
Others - Undisputed	709.19	1,948.20	589.05	2.68	0.29	-	3,249.41
Total	**709.19**	**2,186.93**	**651.05**	**10.21**	**0.29**	**-**	**3,557.67**
As at 31 March 2023							
Micro, small and medium enterprises - Undisputed	-	136.18	66.53	0.01	-	-	202.72
Others - Undisputed	530.02	1,296.39	890.59	6.44	0.05	0.57	2,724.06
Total	**530.02**	**1,432.57**	**957.12**	**6.45**	**0.05**	**0.57**	**2,926.78**

25 **Other current financial liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023
Interest accrued	11.93	27.20
Capital creditors *	233.46	149.05
Derivative contracts at fair value	2.89	12.35
Total	**248.28**	**188.60**

* Capital creditors include dues to micro enterprises and small enterprises amounting to ₹ 65.31 million (31 March 2023: ₹ 61.20 million)

26 **Other current liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023
Advance from customers	139.02	139.44
Statutory liabilities	112.04	112.20
Balances with government authorities	1.20	107.56
Deferred government grant	56.18	56.48
Total	**308.44**	**415.68**

27 **Provisions (Current)**

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits		
Provision for gratuity (Refer note 40)	4.64	23.04
Provision for compensated absences (Refer note 40)	2.23	2.69
Provision for disputed dues #	8.85	-
Total	**15.72**	**25.73**

Provision for disputed dues #

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	-	-
Provisions made during the year	8.85	-
Provision at the end of the year	-	-
	8.85	**-**

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(Amount in ₹ millions)

28 Revenue from operations

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products	26,361.23	21,739.42
Sale of services	37.51	36.30
Sub-total	**26,398.74**	**21,775.72**
Other operating revenues:		
Scrap sales	1,339.80	1,317.65
Tooling income	167.38	190.29
Export incentive benefits	143.72	99.37
Income from government grants	58.89	55.31
Sale of child parts	5.79	22.10
Total	**28,114.32**	**23,460.44**

A. Disaggregation of Revenue from contracts with customers	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products		
India	18,099.05	15,563.78
Europe	4,854.46	3,826.04
USA	2,603.52	1,566.36
Other foreign countries	804.20	783.24
Sub-total	**26,361.23**	**21,739.42**
Sale of services		
India	35.90	35.56
Europe	1.61	0.74
Sub-total	**37.51**	**36.30**
Scrap sales		
India	1,327.97	1,307.78
Europe	11.83	9.87
Sub-total	**1,339.80**	**1,317.65**
Tooling income		
India	20.15	72.09
Europe	87.96	105.67
USA	46.07	9.31
Other foreign countries	13.20	3.22
Sub-total	**167.38**	**190.29**
Sale of child parts		
India	4.09	22.10
Europe	1.32	-
USA	0.38	-
Sub-total	5.79	22.10
Total revenue from contracts with customers:		
India	19,487.16	17,001.31
Europe	4,957.18	3,942.32
USA	2,649.97	1,575.67
Other foreign countries	817.40	786.46
Total revenue from contract with customers	**27,911.71**	**23,305.76**

B. Reconciling the amount of revenue recognised with contract and total revenue:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Total revenue from contract with customers	27,911.71	23,305.76
Adjustments:		
Other operating revenues:		
Income from government grants	58.89	55.31
Export incentive benefit	143.72	99.37
Total	**28,114.32**	**23,460.44**

C. Timing of revenue recognition

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Good transferred at a point in time	27,706.82	23,079.17
Service transferred at a point in time	204.89	226.59
Total revenue from contract with customers	**27,911.71**	**23,305.76**

The transaction price allocated to (partially) unsatisfied performance obligations at 31 March 2024 and 31 March 2023 is Nil

D. Contract balances

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Trade receivables	4,622.12	4,327.31
Contract assets (Unbilled revenue)	69.84	153.05
Contract liabilities (Advance from customers)	139.02	139.44

E. The Group's revenue from its major products are as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Connecting rods	10,803.09	8,465.46
Crank shaft assembly	4,160.05	3,859.24
Rocker arms	4,400.34	3,510.11
Others*	6,997.75	5,904.61
Total revenue from sale of products	**26,361.23**	**21,739.42**

* Individual items of these are less than 10% of sale of products

Revenue from sale of products from top three customers of the Group, who individually exceed 10% of total sales, is 35.89% (as at 31 March 2023 - three customers is 38.78%).

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(Amount in ₹ millions)

F. Contract liabilities

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Balance at the beginning of the year	139.44	87.63
Revenue recognised during the year	(139.44)	(87.63)
Contract liabilities recognised during the year*	139.02	139.44
Balance at the end of the year	**139.02**	**139.44**

* Contract liabilities include advances received from customer towards supplies.

29 Other income

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income on bank deposits	12.75	16.34
Fair value gain on financial instruments at fair value through profit or loss	3.45	0.76
Gain on disposal of property, plant and equipment, net	4.75	3.45
Net foreign exchange gain, net	0.39	74.33
Share of profit from investment in Limited Liability Partnership (LLP)	2.92	-
Others	-	5.81
Total	**24.26**	**100.69**

30 Cost of materials consumed

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Raw materials at the beginning of the year	1,233.69	993.68
Add: Purchases	12,598.17	11,103.05
Less: Raw materials at the end of the year	1,326.13	1,233.69
Total	**12,505.73**	**10,863.04**

31 Changes in inventories of finished goods and work in progress

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance		
Finished goods	830.62	466.79
Work in progress	1,380.52	1,055.89
Total	**2,211.14**	**1,522.68**
Closing balance		
Finished goods	1,054.58	830.62
Work in progress	1,486.89	1,380.52
Total	**2,541.47**	**2,211.14**
Changes in inventories of work in progress and finished goods	**(330.33)**	**(688.46)**

32 Employee benefits expense

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and wages	3,057.93	2,598.48
Contribution to provident and other funds (Refer note 40)	247.27	159.25
Share-based payment to employees (Refer note 41)	46.11	60.76
Staff welfare expenses	446.51	361.12
Total	**3,797.82**	**3,179.61**

33 Finance costs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest expense on		
- Banks and Financial institution borrowings	605.60	481.02
- Others	122.06	78.50
Exchange differences regarded as an adjustment to borrowing costs	-	11.37
Interest on obligations under lease	42.40	44.21
Total	**770.06**	**615.10**

34 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation of property, plant and equipment	1,389.56	1,203.28
Depreciation of right-of-use asset	92.72	87.00
Amortisation of intangible assets	12.52	10.52
Total	**1,494.80**	**1,300.80**

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(Amount in ₹ millions)

35 Other expenses

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Contract labour charges	1,464.37	1,158.03
Conversion charges	1,024.28	803.90
Consumption of stores and spares	2,481.38	2,145.09
Power and fuel	1,196.32	1,038.03
Freight outward	264.70	247.64
Legal and professional (Refer note 39)	151.95	126.94
Rates and taxes	21.31	49.59
Repairs and maintenance		
Buildings	213.50	191.12
Computers	95.13	73.26
Vehicles	52.69	40.62
Rent	5.86	14.94
Traveling and conveyance	90.60	76.72
Insurance	66.82	54.97
Printing and Stationery	17.74	10.58
Communication expenses	8.20	7.49
Security charges	74.58	64.97
Selling and advertisement	11.55	8.04
Corporate social responsibility	36.33	28.21
Bank charges	18.68	25.00
Allowance for credit losses	(52.22)	58.77
Gain on foreign currency transactions, net	5.32	-
Warehouse and segregation charges	54.82	10.45
Miscellaneous	38.68	24.36
Total	**7,341.59**	**6,258.72**

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(Amount in ₹ millions except no. of shares)

36 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. The details are as follows:

Particulars		For the year ended 31 March 2024	For the year ended 31 March 2023
Profit available to shareholders for calculation of basic and diluted earnings per share	A	1,857.55	1,461.95
Nominal value of equity shares (₹ per share)		2	2
Weighted average number of equity shares for calculation of basic earnings per share	B	53,331,084	52,701,825
Basic earnings per share (in ₹)	**A/B**	**34.83**	**27.74**
Weighted average number of equity shares for calculation of diluted earnings per share	C	53,995,844	53,798,745
Diluted earnings per share (in ₹)	**A/C**	**34.40**	**27.17**

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Weighted average number of equity shares	52,929,540	52,155,815
Weighted average number of Shares issued under Employee Stock Option	401,544	546,010
Weighted average number of equity shares for calculation of basic earnings per share	**53,331,084**	**52,701,825**
Add: Impact of potentially dilutive equity shares:		
Weighted average number of Shares issued under Employee Stock Option	664,760	1,096,920
Weighted average number of equity shares for calculation of diluted earnings per share	**53,995,844**	**53,798,745**

37 Contingent liabilities and commitments *(to the extent not provided for)*

Particulars	As at 31 March 2024	As at 31 March 2023
Contingent liabilities #		
Claims against the Group not acknowledged as debts:		
Excise duty, entry tax, service tax matters and GST matters (Refer note A i)	48.39	35.13
Income tax matters (Refer note A ii)	63.88	49.77
Customer claims **	63.80	67.17
Other matters @@	22.07	20.00
Commitments ##		
Estimated amount of contracts remaining to be executed on capital account and not provided for	939.27	542.50
Investment in MMRFIC Technology Private Limited (MMRFIC) (Refer note 50)	-	200.00

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37 Contingent liabilities and commitments *(to the extent not provided for)* (continued)

Note A: Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for wherever required and disclosed as contingent liabilities where applicable, in these standalone financial statements. The Group does not expect the outcomes of these proceedings to have a materially adverse effect on its financial position.

(i) Relating to demand for service tax on labour charges, refund granted on service tax paid under reverse charge mechanism (RCM), disallowance of Excise duty rebate etc.,
(ii) Relating to demand raised by GST authorities on mismatch of GSTR 3B and GSTR 2A.
(iii) Relating to disallowance of certain expenses, additional depreciation and non-consideration of MAT (Minimum Alternate Tax) credit.

** The Parent Company supplied Shifter Forks to American Axle (AAM). American Axle reported failure of the product Shifter Fork and filed a suit with South Carolina Civil Court. The Company appointed a legal firm to handle the civil suit. Following the unsuccessful negotiations with AAM's counsel, the Company has filed a new motion with the Court requesting to dismiss the lawsuit in entirety because AAM had failed to comply with the contractual terms. Company, further requested the Court to hold all proceedings in abeyance until the ruling on the request to dismiss the suit in entirety comes through. Court entered an order staying all proceedings until such time as the Court can rule on motion. The management is confident of a favorable outcome and expects the settlement to be not exceeding the amount provided for (Rs 15 million).

The Honourable Supreme Court of India, in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision of ₹ 0.58 million for provident fund contribution pursuant to the judgement in the year 2018-2019 from the date of Order of the Honourable Supreme Court of India. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

As disclosed in note 4, the Parent Company has invested in Clean Max Vega Power LLP (i.e., power producer) and entered into an energy supply agreement for a period of 25 years with lock in period of 5 years. Pursuant to such energy supply agreement, the Parent Company has committed to purchase atleast 51% of the total power produced by the power producer.

@@ The Karnataka State Pollution Control Board ("KSPCB") issued a demand order dated February 17, 2020 ("Demand Order") to the Parent Company, demanding an amount of ₹10.00 million on the grounds that Plant 12 was not compliant with the provisions of the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and rules framed under Environment (Protection) Act, 1986 in relation to noise pollution and LPG storage. Our Company filed a reply dated February 27, 2020 refuting all allegations made pursuant to the Demand Order specifying that the Parent Company is in compliance with all pollution regulations and laws and requesting for an opportunity to be heard in person. KSPCB reassessed the compensation calculation notice dated 13.07.2023 to pay the revised compensation of ₹12.07 million instead of ₹10.00 million. The Parrent Company has submitted a reply to KSPCB dated 22.08.2023. This matter is currently pending.

The Uttarakhand Pollution Control Board ("UKPCB") issued a demand order dated March 12, 2020 ("Demand Order") to the Parent Company, demanding an amount of ₹10.00 million on the grounds that Plant 6 was not compliant with regulations in relation to discharge of pollutants, issued by the UKPCB and the order of the National Green Tribunal dated November 14, 2019 ("NGT Order"). The Parent Company filed a writ petition dated May 15, 2020 ("Writ Petition") before the High Court of Uttarakhand to quash the Demand Order. The High Court of Uttarakhand pursuant to order dated May 18, 2020 read with order dated July 6, 2020 noted that the NGT Order has been stayed by the Supreme Court of India, and stayed recovery of the compensation demanded pursuant to the Demand Order until the Supreme Court of India completes adjudication in the matter related to the NGT Order. Further, the High Court of Uttarakhand has directed the Parent Company to apprise the UKPCB of all measure undertaken to control pollutions. Hon'ble Supreme Court have vacated the stay in February 2022. Consequently, Uttarakhand Pollution Control Board is expected to issue fresh notice of recovery of Environment Compensation.

The Group does not have any other material commitments.

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(Amount in ₹ millions)

38 Tax expense

A. Amounts recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax (a)		
Current year	681.93	476.73
Adjustment of tax relating to earlier years	5.27	18.86
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	0.28	53.31
Income tax expense reported in the consolidated statement of profit and loss (a+b)	**687.48**	**548.90**
Amounts recognised in other comprehensive income		
Deferred taxes		
Remeasurements of the defined benefit plans	(3.07)	(6.70)
Exchange differences on translation of foreign operations	1.03	0.03
Income tax reported in other comprehensive income	**(2.04)**	**(6.67)**

B. Bifurcation of the income tax recognised in other comprehensive income into

Items that will not be reclassified to profit or loss	(3.07)	(6.70)
Items that will be reclassified to profit or loss	1.03	0.03
Total	**(2.04)**	**(6.67)**

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	31 March 2024	31 March 2023
Profit before tax	**2,557.91**	**2,032.32**
At the effective income tax using the Group's domestic tax rate	25.17%	25.17%
Computed expected tax expense	643.83	511.53
Tax effect of:		
Non-deductible expenses	14.51	9.46
Prior period tax items	5.27	14.98
Others	23.87	12.93
Income tax expense	**687.48**	**548.90**

D. Movement in temporary differences

Particulars	Balance as at 1 April 2023 Net deferred tax asset/(liabilities)	Recognised in profit and loss during 2023-24	Recognised in OCI during 2023-24	Balance as at 31 March 2024 Net deferred tax asset/(liabilities)
Property, plant and equipment	(740.08)	(50.05)	-	(790.13)
Provision for employee benefits	14.15	7.06	(3.07)	18.14
Security deposit	3.14	0.04	-	3.18
Allowance for credit losses	21.64	(13.15)	-	8.49
On fair valuation of quoted investments	(1.69)	(0.87)	-	(2.56)
Deductions allowed on payment basis	-	62.33	1.03	63.36
Derivative contracts	3.11	2.38	-	5.49
Right-of-use assets, net of lease liabilities (Ind AS 116)	9.99	(7.50)	-	2.49
Exchange difference on foreign operations	(1.99)	1.99	-	-
On Intangibles	(1.02)	1.02	-	-
Others	2.65	(3.53)	-	(0.88)
Total	**(688.60)**	**(0.28)**	**(2.04)**	**(692.42)**

Particulars	Balance as at 1 April 2022 Net deferred tax asset/(liabilities)	Recognised in profit and loss during 2022-23	Recognised in OCI during 2022-23	Balance as at 31 March 2023 Net deferred tax asset/(liabilities)
Property, plant and equipment	(697.42)	(42.66)	-	(740.08)
Provision for employee benefits	49.52	(42.04)	6.70	14.15
Security deposit	3.81	(0.67)	-	3.14
Allowance for credit losses	6.85	14.79	-	21.64
On fair valuation of quoted investments	(1.50)	(0.19)	-	(1.69)
Others	5.39	(2.74)	-	2.65
Derivative contracts	(11.62)	14.73	-	3.11
Right-of-use assets, net of lease liabilities (Ind AS 116)	9.84	1.65	-	11.49
Exchange difference on foreign operations	(1.96)	-	(0.03)	(1.99)
On Intangibles	(4.84)	3.82	-	(1.02)
Total	**(641.93)**	**(53.31)**	**6.67**	**(688.60)**

(1) Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax and liabilities on net basis.

(2) There is no income surrendered or disclosed as income during the current or previous year in the tax assessment under Income tax Act, 1961, that has not been recorded in books of accounts.

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39 Related parties disclosures

A. Significant Shareholders
S Sekhar Vasan
Client Ebene Limited

B. Trust in which the Director is a trustee
Sansera Foundation

C. Associate company
MMRFIC Technology Private Limited (W e f 18 August 2023)

D. Key managerial personnel
S Sekhar Vasan - Chairman and Managing Director
F R Singhvi - Joint Managing Director
B R Preetham - Executive Director and Chief Executive Officer (w e f 2 August 2023)
Vikas Goel - Chief Financial Officer
Rajesh Kumar Modi - Company Secretary and Compliance officer
Muthuswamy Lakshminarayan - Independent Director
Revathy Ashok - Independent Director
Samir Purushottam Inamdar- Independent Director

E. Close members of key managerial personnel's family
Lalitha Singhvi
Praveen Singhvi
Lata Singhvi
Jayaraj Singhvi
Tara Singhvi
Indira Singhvi

F. Entity controlled by close members of key managerial personnel's family
Eff N'Bee Hospitality Private Ltd

G. The following is the summary of related party transactions (Amount in ₹ millions)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Expenditure towards Corporate Social Responsibility (CSR)		
Sansera Foundation	34.45	27.50
IPO expenses incurred (to be reimbursed by the shareholders) #		
S Sekhar Vasan		4.24
F R Singhvi		0.41
Lalitha Singhvi		0.13
Praveen Singhvi		0.13
Lata Singhvi		0.13
Jayaraj Singhvi		0.13
Tara Singhvi		0.13
Indira Singhvi		0.13
Unni Rajagopal K		1.18
Devappa Devaraj		1.18
Client Ebene Limited		17.77
CVCIGP II Employee Ebene Limited		9.95
Staff welfare cost		
Eff N'Bee Hospitality Private Ltd	1.32	0.21
Managerial Remuneration*		
S Sekhar Vasan	24.89	14.89
F R Singhvi	24.89	14.89
B R Preetham	21.72	16.94
Vikas Goel	16.99	16.54
Rajesh Kumar Modi	5.07	4.35
Sale of Property, Plant and Equipment		
S Sekhar Vasan	2.45	
B R Preetham	0.40	
Eff N'Bee Hospitality Private Ltd	1.85	1.84
Legal and Professional Charges- Fixed Commission		
Muthuswamy Lakshminarayan	1.50	1.20
Revathy Ashok	1.50	1.20
Samir Purushottam Inamdar	2.40	1.00
Bilaine Sylvain		0.46
Legal and Professional Charges- Sitting fees		
Muthuswamy Lakshminarayan	0.76	0.26
Revathy Ashok	0.78	0.25
Samir Purushottam Inamdar	0.38	0.16
Reimbursement of expenses		
Samir Purushottam Inamdar	0.37	
Investment in associate		
MMRFIC Technology Private Limited	200.00	-

H. The balances receivable from and payable to related parties are

Particulars	As at 31 March 2024	As at 31 March 2023
Trade payables		
Eff N'Bee Hospitality Private Ltd	0.70	[illegible]
Payable to Directors		
S Sekhar Vasan		12.85

*Excludes contribution to employee retirement-post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis. Also excludes cost pertaining to ESOP's given to the employees as a part of the ESOP scheme

Terms and conditions
All transactions with related parties are unsecured

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(Amount in ₹ millions)

40 Employee benefit plans

A Defined contribution plan

The Group has defined contribution plan. Contributions are made to the Provident fund for employees at the specified rate of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Employer contribution to Provident fund, including admin charges	106.12	98.57
Employer contribution to Employee state insurance scheme	20.22	18.03
Employer contribution to Labour Welfare Fund	2.29	3.63

B Defined benefit plans

The Group sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement (Age of 58 years) or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Fund.

The following table sets out the status of the gratuity plan as required under Ind AS 19 "Employee benefits":

a) Reconciliation of present value of defined benefit obligations

Particulars	As at 31 March 2024	As at 31 March 2023
Defined benefit obligations at the beginning of the year	454.47	378.04
Current service cost	40.62	31.02
Interest Expense	34.15	27.21
Benefits paid	(8.10)	(9.17)
Actuarial (gains) / losses recognised in Other Comprehensive Income:		
Changes in financial assumptions	9.89	(8.87)
Experience adjustments	7.45	36.24
Changes in demographic assumptions	0.78	-
Defined benefit obligations at the end of the year	**539.26**	**454.47**

b) Reconciliation of present value of plan assets

Particulars	As at 31 March 2024	As at 31 March 2023
Plan assets at the beginning of the year	402.49	267.11
Interest income	30.25	19.21
Contributions paid into the plan	137.00	125.00
Return on plan assets recognised in Other Comprehensive Income	5.44	(2.03)
Benefits paid	(8.10)	(6.80)
Plan assets at the end of the year	**567.08**	**402.49**

Actual return on plan assets

Return on plan assets: The long term estimate of the expected rate of return on plan assets has been arrived at based on prevailing yields on those assets. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

Particulars	31 March 2024	31 March 2023
Net defined benefit liability/ (asset) (a-b)	**(27.82)**	**51.98**
Provision for Gratuity - Non-current	27.34	28.92
Provision for Gratuity - Current	4.64	23.04
Other current assets - Current	(59.80)	-
Total	**(27.82)**	**51.96**

c) Expense recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current service cost	40.62	31.02
Interest expense	34.15	27.21
Interest income	(30.25)	(19.21)
Total	**44.52**	**39.02**

d) Remeasurements recognised in Other Comprehensive Income (OCI)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Actuarial (gain)/loss on account of experience adjustments	7.45	36.24
Actuarial (gain)/loss arising from change in financial assumptions	9.89	(8.87)
Return on plan assets recognised in other comprehensive income	(5.44)	2.03
Actuarial (gain) / loss arising from change in demographic assumptions	0.78	-
Total	**12.68**	**29.40**
Total cost recognised in the consolidated statement of profit and loss, including other comprehensive income (c+d)	**57.20**	**68.42**

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(Amount in ₹ millions)

e) Actuarial assumptions

The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary. These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2024 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

40 Defined contribution plan (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Discount rate	7.15% - 7.20%	7.50%
Salary increase*	4% - 5%	5.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age	58 years	58 years
Withdrawal rate	4% - 5%	4.00%

*The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

f) Sensitivity Analysis **(Amount in ₹ millions)**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	**For the year ended 31 March 2024**		**For the year ended 31 March 2023**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	496.49	(588.01)	416.99	(497.30)
Future salary growth (1% movement)	588.64	(495.22)	497.95	(415.81)
Withdrawal rate (1% movement)	546.75	(530.60)	461.79	(446.13)
Mortality Rate (1% movement)	539.45	(538.98)	454.66	(454.19)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The expected future contribution and estimated future benefit payments from the fund areas follows:

(Amount in ₹ millions)

Expected cash flows over the next (valued on undiscounted basis):	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
1 year	47.43	35.62
2 to 5 years	181.07	141.84
6 to 10 years	243.65	218.48
More than 10 years	604.80	591.35

g) Asset liability matching strategies

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

h) The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

C Defined benefit plans- Compensated absenses

Particulars	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Provision for compensated absences - Non-current	-	-
Provision for compensated absences - Current	2.23	2.69
Other current assets - Current	(63.07)	(2.16)
Total	**(60.84)**	**0.53**
Expenses recognized in the consolidated statement of profit and loss	**76.13**	**40.70**

The actuarial valuation of compensated absences has been carried out using projected unit credit method based on assumptions given in respect of gratuity valuation.

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(Amount in ₹ millions)

41 Employee stock options

The Group has a share option scheme for the permanent employees of the Parent Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, permanent employees may be granted options to purchase equity shares.

Each employee share option converts into one equity share of the Parent Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry as per ESOP Schemes.

(a) Sansera Employee Stock Option Plan 2015

On 12 March 2015, the Board of Directors of the Parent Company approved "Sansera Employee Stock Option Plan 2015" ("the Plan") for grant of stock options to the employees of the Parent Company and its subsidiaries which was further ratified by the shareholders on 13 April 2015 Further, the ESOP 2015 has been amended pursuant to resolutions passed by the Shareholders on 3 August 2018, 2 June 2021 and 31 August 2021, respectively. The vested options can be exercised by the option holder and the shares can be allotted by the Board/Committee as specified in the Plan. The plans are as follows:

Program 1: Key management group

Options under this program are granted to certain employees at an exercise price of ₹ 0.14 per option. All the stock options under this program are completely vested.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	573,775	0.14	998,775	0.14
Granted during the year	-	-	-	-
Exercised during the year	450,475	0.14	425,000	0.14
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	**123,300**	**0.14**	**573,775**	**0.14**
Vested at the end of the year	**123,300**	**0.14**	**573,775**	**0.14**
Exercisable at the end of the year	**123,300**	**0.14**	**573,775**	**0.14**

Program 2: Certain identified employees

Options under this program are granted to certain employees at an exercise price of ₹ 135.20 per option. Stock options issued carries different vesting periods, it ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	385,210	135.20	733,935	135.20
Granted during the year	-	-	-	-
Exercised during the year	235,135	135.20	348,725	135.20
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Surrendered during the year	-	-	-	-
Outstanding at the end of the year	**150,075**	**135.20**	**385,210**	**135.20**
Vested at the end of the year	**150,075**	**135.20**	**385,210**	**135.20**
Exercisable at the end of the year	**150,075**	**135.20**	**385,210**	**135.20**

During the year ended 31 March 2024, shares were exercised on 8 June 2023, 13 December 2023 and 28 March 2024. The share price on the date of exercise was ₹ 849.50, ₹ 935.15 and ₹ 1,018.35 respectively.

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plans		
	Program 1: Key Management Group	Program 2: Certain Identified Employees	Program 2: Certain Identified Employees
Grant date	29-Apr-15	29-Apr-15	01-Apr-21
Fair value at grant date	103.39	55.25	273.21
Share price at grant date	103.48	103.48	396.60
Exercise price	0.14	135.20	135.20
Expected volatility (weighted average volatility)	49.20%	49.20%	31.30%
Method used to determine expected volatility	Expected volatility has been calculated based on volatility of the comparable company stock prices		
Expected term (in years)	6.50	6.50	2.00
Risk free interest rate	7.90%	7.90%	4.52%

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41 Employee stock options (continued)

(b) Sansera Employee Stock Option Plan 2018

The Parent Company, pursuant to resolution passed by its shareholders dated 8 August 2018 has adopted "Sansera Employee Stock Option Plan 2018" ("the Plan"). Further, the ESOP 2018 has been amended pursuant to resolutions passed by the Board of Directors on 19 April 2021, 22 August 2021 and Shareholders on 2 June 2021 and 31 August 2021. The aggregate number of options, which may be issued under ESOP 2018, shall be decided by the Nomination and Remuneration Committee and shall not exceed such number of options which represents 2.50% shareholding in the Company on a fully diluted basis as on the date of this plan. The plans are as follows:

Options under this program are granted to certain employees at an exercise price in the range of ₹ 744.00 - ₹ 934.70 per option. Stock options issued carry different vesting periods. It ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	808,327	744.00	808,327	744.00
Granted during the year	45,000	934.70	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	**853,327**	**754.06**	**808,327**	**744.00**
Vested at the end of the year	**404,164**	**754.06**	**202,082**	**744.00**
Exercisable at the end of the year	**404,164**	**754.06**	**202,082**	**744.00**

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plan	
Grant date	22 September 2021	12 February 2024
Fair value at grant date (Average)	200.72	349.16
Share price at grant date	744	995.10
Exercise price	744	934.70
Expected volatility (weighted average volatility) (Average)	26.68%	28.05%
Expected term (in years) (Average)	3.5	3.90
Method used to determine expected volatility	The expected volatility has been calculated based on historic volatility of Auto Index	Annualized volatility of the stock price of Company for the latest historical period
Risk free interest rate (Average)	5.02%	6.79%

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42 Financial instruments

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2024	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares - Fair value through Profit and Loss	10.19	10.19	-	-
Other Investment- Fair value through other comprehensive income	195.43	-	-	195.43
Total	**205.62**	**10.19**	**-**	**195.43**
Financial assets measured at amortised cost				
Loans	43.14	-	-	-
Other non-current financial assets	295.06	-	-	-
Trade receivables	4,622.12	-	-	-
Cash and cash equivalents	486.35	-	-	-
Bank balances other than cash and cash equivalents above	143.35	-	-	-
Other current financial assets	77.87	-	-	-
Total	**5,667.89**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Derivative liability	2.89	-	2.89	-
Total	**2.89**	**-**	**2.89**	**-**
Financial liabilities measured at amortised cost				
Non-current borrowings	2,515.86	-	-	-
Current borrowings	5,495.13	-	-	-
Lease liabilities	895.60	-	-	-
Trade payables	3,557.67	-	-	-
Other financial liabilities	245.39	-	-	-
Total	**12,709.65**	**-**	**-**	**-**

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2023	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares - Fair value through Profit and Loss	6.73	6.73	-	-
Other Investment- Fair value through other comprehensive income	104.93	-	-	104.93
Total	**111.66**	**6.73**	**-**	**104.93**
Financial assets measured at amortised cost				
Loans	41.44			
Other non-current financial assets	279.03	-	-	-
Trade receivables	4,327.31	-	-	-
Cash and cash equivalents	495.58	-	-	-
Bank balances other than cash and cash equivalents above	120.83	-	-	-
Other current financial assets	188.63	-	-	-
Total	**5,452.82**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Derivative liability	12.35	-	12.35	-
	12.35	**-**	**12.35**	**-**
Financial liabilities measured at amortised cost				
Non-current borrowings	2,630.25	-	-	-
Current borrowings	4,490.86	-	-	-
Lease liabilities	921.13	-	-	-
Trade payables	2,926.78	-	-	-
Other financial liabilities	176.25	-	-	-
Total	**11,145.27**	**-**	**-**	**-**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The group has not disclosed the fair value of financial instruments such as other non-current financial assets, trade receivables, cash and cash equivalents, bank balances, other current financial assets, loans, borrowings, other non-current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

The majority of costs and incomes are denominated in local currencies, which is not impacted by currency exchange fluctuations. Some of the contracts with key export customers may not allow for price adjustments in the event of unfavourable currency exchange rate developments. Global footprint exposes the Group to certain currency exchange risks, arising primarily from foreign currency receivables, import of raw materials and capital goods for operations, export of goods and non-Indian rupee denominated borrowings. The Group hedges significant portion of the net foreign exchange exposure through forward contracts and non-Indian rupee denominated loans.

(Amount in ₹ millions)

43 Financial risk management

The Group is exposed to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and others, foreign exchange transactions and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In respect of trade receivables the Group performs credit assessment for customers on an annual basis and recognizes credit risk on the basis of lifetime expected losses.

Movement in expected credit loss allowance on trade receivables: **(Amount in ₹ millions)**

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Balance as at the beginning of the year	91.40	32.63
Movement in the expected credit loss allowance on trade	(52.22)	58.77
Balance at the end of the year	**39.18**	**91.40**

Security deposits, Other financial assets and Loans:

Expected credit loss for Security deposits, Other financial assets and Loans is as follows:

Particulars	**Year ended**	**Assets of the Group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit losses**	**Carrying amount, net of impairment provision**
Impairment allowance measured at life time expected credit loss: Financial assets for which credit risk has not increased significantly since initial recognition	31 March 2024	Security deposits	283.99	0%	-	283.99
		Other Financial Assets	77.87	0%	-	77.87
		Loans	43.14	0%	-	43.14

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and others with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

(Amount in ₹ millions)

Particulars	**As at 31 March 2024**				
	Carrying amount	**Total**	**Less than 1 year**	**1-2 years**	**Above 2 years**
Non-current borrowings including current maturities	3,771.48	3,771.48	1,255.62	1,133.24	1,382.62
Current borrowings	4,239.51	4,239.51	4,239.51	-	-
Trade payables	3,557.67	3,557.67	3,557.67	-	-
Other financial liabilities	245.39	245.39	245.39	-	-
Lease liabilities	895.60	895.60	99.50	114.88	681.22

Particulars	**As at 31 March 2023**				
	Carrying amount	**Total**	**Less than 1 year**	**1-2 years**	**Above 2 years**
Non-current borrowings including current maturities	3,918.87	3,918.87	1,288.62	1,134.59	1,495.66
Current borrowings	3,202.24	3,202.24	3,202.24	-	-
Trade payables	2,926.78	2,926.78	2,926.78	-	-
Other financial liabilities	176.25	176.25	176.25	-	-
Lease liabilities	921.13	921.13	99.81	114.88	706.44

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43 Financial risk management (continued)

(iv) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans, borrowings, receivables and payables. The Group's activities expose it to a variety of financial risks, including effects of changes in foreign currency exchange rates and interest rate movement.

(v) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to Group's long term debt obligations with floating interest rates.

Exposure to interest rate risk
The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows :

(Amount in ₹ millions)

Particulars	As at 31 March 2024	As at 31 March 2023
Fixed rate instruments:		
Financial liabilities	13.40	40.22
Variable rate instruments:		
Financial liabilities	7,997.59	7,080.89
Total	**8,010.99**	**7,121.11**

Interest rate sensitivity:
Sensitivity analysis for fixed-rate instruments
There is no impact on the profit or loss on account of fixed rate instruments.

Cash flow sensitivity analysis for variable-rate instruments
The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Effect on profit before tax	
		31 March 2024	31 March 2023
Increase of 100 basis points	INR	79.98	70.81
Decrease in 100 basis points	INR	(79.98)	(70.81)

(vi) Foreign currency risk

The Group is exposed to currency risk on certain transactions that are denominated in a currency other than the entity's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign currency (FC) risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments. The information on derivative instruments is as follows:

(Amount in ₹ millions)

Particulars	Currency	As at 31 March 2024		As at 31 March 2023	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Forward contract (to hedge net receivables)	USD	10.88	907.45	13.15	1,080.54
No. of Contracts		22		20	
Forward contract (to hedge net receivables)	EUR	-	-	2.06	184.25
No. of Contracts		-		5	
Forward contract (to hedge net receivables)	EURUSD	5.50	494.33	5.50	491.93
No. of Contracts		9		11	
Forward contract (to hedge payables)	USD	-	-	2.00	164.34
No. of Contracts		-		2	
Forward contract (to hedge payables)	EURUSD	1.00	89.88	2.50	223.61
No. of Contracts		2		4	
Forward contract (to hedge payables)	USDJPY	1.15	103.36	2.50	223.61
No. of Contracts		3		4	

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities when revenue and expense is denominated in a foreign currency.

(Amount in ₹ millions)

The following table presents foreign currency risk from financial instruments as of:

Particulars	Currency	As at 31 March 2024		As at 31 March 2023	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Trade receivables	USD	18.77	1,565.51	9.67	794.58
	EUR	10.10	907.76	13.02	1,164.54
Other receivables	USD	-	-	0.35	28.76
Cash and cash equivalents	USD	1.63	135.95	1.17	96.14
	EUR	0.49	44.04	2.70	241.49
Trade payables	USD	0.70	58.38	1.02	83.81
	EUR	2.38	213.91	3.42	305.89
	JPY	7.60	4.19	-	-
	GBP	-	-	*	0.03
	CHF	0.01	0.92	0.01	0.90
Total	**USD**	**19.70**	**1,643.08**	**10.17**	**835.67**
	EUR	**8.21**	**737.89**	**12.30**	**1,100.14**
	JPY	**7.60**	**4.19**		
	GBP	**-**	**-**	- -	**0.03**
	CHF	**0.01**	**0.92**	0.01	**0.90**

* 31 March 2023 GBP 258.32 not presented above due to rounding off to nearest million

43 Financial risk management (continued)

(vi) Foreign currency risk (continued)

Sensitivity analysis

(Amount in ₹ millions)

Particulars	Percentage movement	Effect on profit before tax		Effect on equity	
		Strengthening	Weakening	Strengthening	Weakening
31 March 2024					
USD	2%	24.65	(24.65)	18.45	(18.45)
EURO	0%				
JPY	11%	0.46	(0.46)	0.34	(0.34)
CHF	0%				
31 March 2023					
USD		66.85	(66.85)	50.02	(50.02)
EURO		66.01	(66.01)	49.40	(49.40)
CHF		0.08	(0.08)	0.06	(0.06)

44 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed.

The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio and implements capital structure improvement plan when necessary.

The Group uses debt ratio as a capital management index and calculates the ratio as net debt divided by total equity. Net debt and total equity are based on the amounts stated in the financial statements.

(Amount in ₹ millions)

Particulars	As at 31 March 2024	As at 31 March 2023
Gross debt*	8,918.52	8,069.44
Less : Cash and cash equivalent and other bank balances	629.70	616.41
Net debt (A)	8,288.82	7,453.03
Total equity (B)**	13,633.40	11,819.68
Debt ratio (A / B)	0.61	0.63

* Gross debt includes non-current borrowings, current borrowings, current maturities of long term debts, lease liabilities and accrued interest

** Total equity includes Equity share capital, instruments entirely equity in nature and other equity

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45 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is in the business of manufacture and sale of automobile components, which in the context of Ind AS 108 'Segment Information' represents single reportable business segment. The entire operations are governed by the same set of risk and returns. Accordingly, these operations represent a single segment. The revenues, total expenses and net profit as per the consolidated statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

(i) Geographical information

Geographic segmentation is based on business sourced from specific geographic regions. Other foreign countries comprises all other places except India, Europe and USA

(Amount in ₹ millions)

(a) Revenue from operations

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
India	19,689.77	17,155.99
Europe	4,957.18	3,942.32
USA	2,649.97	1,575.67
Other foreign countries	817.40	786.46
Total	**28,114.32**	**23,460.44**

(b) Non-current assets

Particulars	As at 31 March 2024	As at 31 March 2023
India	15,917.16	13,756.26
Europe	1,214.12	1,250.21
Total	**17,131.28**	**15,006.47**
Reconciling items:		
Income tax assets	87.51	85.08
Other non-current financial assets	713.56	392.95
Total non-current assets	**17,932.35**	**15,484.50**

46 Impairment

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at each entity level, which is represented as separated CGU's.

The carrying value of goodwill, entity wise is as follows: **(Amount in ₹ millions)**

Entity acquired	As at 31 March 2024	As at 31 March 2023
Fitwel Tools and Forgings Private Limited ('Fitwel')	146.72	146.72
Sansera Sweden AB ('Sansera Sweden')	200.35	205.53
Exchange differences on translation of foreign operations	(3.79)	(5.18)
	196.56	200.35
Total carrying value	**343.28**	**347.07**

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each assumption mentioned below:

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate*	10% - 16%	12% - 17%
Terminal growth rate **	2% - 4%	2% - 4%
Operating margins	7%-14% - 12%-15%	7%-14% - 11%-16%

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The Group does its impairment evaluation on an annual basis and as of 31 March 2024, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Group has performed sensitivity analysis for all key assumptions, including the cash flow projections, consequent to the change in estimated future economic conditions arising from the possible effects of ongoing war and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount.

As of 31 March 2024, the estimated recoverable amount of each of the CGU's exceeded its carrying amount by ₹ 613.28 million (Fitwel Tools and Forgings Private Limited) and ₹ 706.65 million (Sansera Sweden AB), hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LTD. BANGALORE 560 105.

47 Additional information pursuant to paragraph 2 of division II of Schedule III to Companies Act, 2013 General Instructions for the preparation of consolidated financial statements

(Amount in ₹ millions)

Name of the entity	As at / for the year ended 31 March 2024							
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Sansera Engineering Limited	100.16 %	13,654.71	101.29 %	1,899.60	193.35 %	(12.80)	100.96 %	1,886.80
Subsidiaries								
Sansera Engineering Pvt. Ltd., Mauritius	6.34 %	863.20	0.06 %	1.15	-	-	0.06 %	1.15
Sansera Sweden AB	(0.29)%	(39.48)	(4.35)%	(81.50)	-	-	(4.36)%	(81.50)
Fitwel Tools and Forgings Private Limited	3.90 %	531.67	3.19 %	59.86	(48.19)%	3.19	3.37 %	63.05
Associate								
MMRFIC Technology Private Limited	NA	NA	0.27 %	5.06	1.21 %	(0.08)	0.27 %	4.98
Non-controlling interest	1.17 %	159.24	0.96 %	17.94	(14.50)%	0.96	1.01 %	18.90
Consolidation	(11.26)%	(1,536.64)	(1.42)%	(26.62)	(31.87)%	2.11	(1.31)%	(24.51)
Total	**100.00 %**	**13,633.20**	**100.00 %**	**1,875.49**	**100.00 %**	**(6.62)**	**100.00 %**	**1,868.87**

(Amount in ₹ millions)

Name of the entity	As at / for the year ended 31 March 2023							
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Sansera Engineering Limited	100.03 %	11,823.26	101.25 %	1,502.00	92.40 %	(18.12)	101.37 %	1,483.88
Subsidiaries								
Sansera Engineering Pvt. Ltd., Mauritius	7.26 %	858.39	0.08 %	1.15	-	-	0.08 %	1.15
Sansera Sweden AB	(0.13)%	(15.26)	(5.57)%	(82.62)	-	-	(5.64)%	(82.62)
Fitwel Tools and Forgings Private Limited	3.96 %	468.62	4.83 %	71.58	8.06 %	(1.58)	4.78 %	70.00
Non-controlling interest	1.19 %	140.34	1.45 %	21.47	2.40 %	(0.47)	1.43 %	21.00
Elimination on account of Consolidation	(12.32)%	(1,455.67)	(2.03)%	(30.16)	(2.86)%	0.56	(2.02)%	(29.60)
Total	**100.00 %**	**11,819.68**	**100.00 %**	**1,483.42**	**100.00 %**	**(19.61)**	**100.00 %**	**1,463.81**

Interest in other entities

Subsidiary companies:

The consolidated financial statements of the Company includes subsidiary companies listed in the table below

Name of the entity	Country of incorporation	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)
		31 March 2024		31 March 2023	
Sansera Engineering Pvt. Ltd	Mauritius	100%	-	100%	-
Sansera Sweden AB	Sweden	100%	-	100%	-
Fitwel Tools and Forgings Private Limited	India	70%	30%	70%	30%

48 Additional regulatory information:

a) There are no transactions or balances with Companies which have been removed from the Register of Companies (Struck off Companies), during the year ended/as at 31 March 2024

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (in million)		Relationship with the Struck off company, if any
		As at 31- March -2024	As at 31- March -2023	
Multitech System Industrial Automation Private Limited	Purchases and Trade Payables	-	0.27	Nil

1) During the financial year 2023-2024, the Company made payment of INR 0.27 million during the year for the opening balances
2) There were no transactions made during the financial year 2023-2024

b) The Group has not traded/invested in Cryptocurrency/Virtual currency

c) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

d) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

e) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

f) The Group has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

g) The Company has not been declared wilful defaulter by any bank or financial institution or other lender

49 The Parent Company and the subsidiary incorporated in India have used accounting softwares for maintaining its books of account for the financial year ended 31 March 2024 which has a feature of recording audit trail (edit log) facility, however, the same has not operated throughout the year for all relevant transactions recorded in the software. The Group is in process of implementing the changes inline with the regulation.

50 During the year ended 31 March 2024, on account of final dividend for financial year 2022-23, the Parent Company has incurred a net cash outflow of ₹ 133.32 million. The Board of Directors, in their meeting held on 16 May 2024, recommended a final dividend of ₹ 3 per equity share for the financial year ended 31 March 2024. This payment is subject to the approval of shareholders in the AGM of the Parent Company and if approved, would result in a net cash outflow of approximately ₹ 160.85 million.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LTD.
BANGALORE
560 105.

51 The Board of Directors of the Company have approved these consolidated financial statements of the Company in their meeting held on 16 May 2024.

for and on behalf of the Board of Directors of
Sansera Engineering Limited
CIN: L34103KA1981PLC004542

for **Deloitte Haskins & Sells**

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Executive Director and Chief Executive Officer
DIN: 03499506

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 16 May 2024

HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LTD.
BANGALORE
560 105.

Deloitte
Haskins & Sells

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To The Members of Sansera Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sansera Engineering Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and the Report on Corporate Governance but does not include the consolidated financial statements, standalone financial statements and our auditor's reports thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by other auditors.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the entities in the consolidated financial statements, which have been audited other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / financial information of two subsidiaries included in the consolidated financial statements whose financial statements / financial information reflect total assets of Rs.2,423.52 million as at March 31, 2023, total revenues of Rs.1,464.88 million and net cash inflows of Rs.60.04 million for the year ended March 31, 2023, as considered in the consolidated financial statements. These financial statements/ financial information have been audited, as applicable, by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of the subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company, which is incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent and its subsidiary company, incorporated in India, to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 37 to the consolidated financial statements;

ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

iv) (a) The respective Managements of the Parent and its subsidiary which is a company incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 51(c) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiary, which is a company incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 51(d) to the consolidated financial statements, no funds have been received by the Parent its subsidiary, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or its subsidiary shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our or other auditor's notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 53 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

The subsidiary which is a company incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 01, 2023 to the Parent and its subsidiary, which is a company incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

i) With respect to matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of section 143(11) of the Act, according to the information and explanations given to us, and based on the reports issued by us for the Parent and its subsidiary included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Monisha Parikh
(Partner)
(Membership No.47840)
UDIN: 23047840BGUCKM8311

Place: Bengaluru
Date: May 22, 2023
MP/MS/SS/2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of **Sansera Engineering Limited** (hereinafter referred to as "Parent") and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent and its subsidiary which is company incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company, which is incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Monisha Parikh
(Partner)
(Membership No.47840)
UDIN: 23047840BGUCKM8311

Place: Bengaluru
Date: May 22, 2023
MP/MS/SS/2023

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Balance Sheet as at 31 March 2023

(Amount in ₹ millions)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	3.a	12,691.41	11,040.79
Capital work-in-progress	3.b	756.61	1,224.25
Goodwill	3.e	347.07	352.25
Other Intangible assets	3.c	24.54	23.96
Right-of-use assets	3.d	873.12	977.27
Financial assets			
(i) Investments	4	104.93	104.93
(ii) Loans	5	8.99	15.72
(iii) Other financial assets	6	279.03	287.95
Current tax assets (net)	7.a	85.08	28.30
Other non-current assets	8	313.72	209.33
Total non-current assets		**15,484.50**	**14,264.75**
Current assets			
Inventories	9	3,709.63	2,776.03
Financial assets			
(i) Investments	10	6.73	5.97
(ii) Trade receivables	11	4,327.31	4,085.64
(iii) Cash and cash equivalents	12	495.58	383.44
(iv) Bank balances other than cash and cash equivalents	13	120.83	119.84
(v) Loans	14	32.45	25.15
(vi) Other financial assets	15	188.63	201.69
Other current assets	16	262.97	347.18
Total current assets		**9,144.13**	**7,944.94**
Total Assets		**24,628.63**	**22,209.69**

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LIMITED
BANGALORE
560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Balance Sheet as at 31 March 2023 (Continued)

(Amount in ₹ millions)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	17	105.86	104.31
Other equity	18	11,573.48	10,129.51
Total equity attributable to owners of the Company		11,679.34	10,233.82
Non-controlling interests		140.34	119.34
Total equity		**11,819.68**	**10,353.16**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	2,630.25	2,335.04
(ia) Lease liabilities	3.d	821.32	910.63
Provisions	20	28.92	82.23
Deferred tax liabilities (net)	21	688.60	641.93
Other non-current liabilities	22	487.40	509.82
Total non-current liabilities		**4,656.49**	**4,479.65**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	4,490.86	4,116.40
(ia) Lease liabilities	3.d	99.81	102.51
(ii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		202.72	77.54
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,724.06	2,575.43
(iii) Other financial liabilities	25	188.60	121.83
Other current liabilities	26	415.68	263.55
Provisions	27	25.73	111.14
Current tax liabilities (net)	7.b	5.00	8.48
Total current liabilities		**8,152.46**	**7,376.88**
Total Equity and Liabilities		**24,628.63**	**22,209.69**

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 22 May 2023

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 22 May 2023

SANSERA ENGINEERING LIMITED BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the year ended 31 March 2023

(Amount in ₹ millions)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	28	23,383.03	19,890.32
Other income	29	178.10	154.93
Total Income		**23,561.13**	**20,045.25**
Expenses			
Cost of materials consumed	30	10,863.04	8,871.08
Changes in inventories of finished goods and work-in-progress	31	(688.46)	(230.08)
Conversion charges		803.90	650.14
Consumption of stores and spares		2,145.09	1,691.54
Power and fuel		1,038.03	913.17
Employee benefits expense	32	3,179.61	2,773.58
Finance costs	33	615.10	510.13
Depreciation and amortisation expenses	34	1,300.80	1,197.03
Other expenses	35	2,271.70	1,884.98
Total expenses		**21,528.81**	**18,261.57**
Profit before tax		**2,032.32**	**1,783.68**
Tax expense:	38		
Current tax		476.73	427.85
Tax relating to prior years		18.86	7.65
Deferred tax		53.31	29.29
Total tax expense		**548.90**	**464.79**
Profit for the year		**1,483.42**	**1,318.89**
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of the net defined benefit liability		(26.40)	25.64
Income tax relating to items that will not be reclassified to profit or loss		6.70	(6.45)
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss		**(19.70)**	**19.19**
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		0.12	(45.14)
Income tax relating to items that will be reclassified to profit or loss		(0.03)	11.36
Net other comprehensive income/(loss) to be reclassified subsequently to profit or loss		**0.09**	**(33.78)**
Other comprehensive income/(loss) for the year, net of income tax		**(19.61)**	**(14.59)**
Total Comprehensive Income for the year		**1,463.81**	**1,304.30**
Profit attributable to :			
Owners of the Company		1,461.95	1,304.52
Non-controlling interests		21.47	14.37
Total profit for the year		**1,483.42**	**1,318.89**
Other comprehensive income/(loss) attributable to:			
Owners of the Company		(19.14)	(14.56)
Non-controlling interests		(0.47)	(0.03)
Total other comprehensive income/(loss)		**(19.61)**	**(14.59)**
Total comprehensive income attributable to:			
Owners of the Company		1,442.81	1,289.96
Non-controlling interests		21.00	14.34
Total Comprehensive Income for the year		**1,463.81**	**1,304.30**
Earnings per equity share (face value of ₹ 2 each)			
Basic (in ₹)	36	27.74	25.27
Diluted (in ₹)	36	27.17	24.36

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Manisha Parikh
Partner
(Membership No. 47840)

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date: 22 May 2023

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 22 May 2023

SANSERA ENGINEERING LIMITED
BANGALORE
560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Consolidated Statement of Cash Flows for the year ended 31 March 2023

(Amount in ₹ millions)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flows from operating activities			
Profit before tax		2,032.32	1,783.68
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses	34	1,300.80	1,197.03
Income from government grants	29	(55.31)	(52.01)
Adjustment for rental concession and derecognition of lease		-	(4.12)
Interest income	29	(16.34)	(14.42)
Fair value gain on financial instruments at fair value through profit or loss	29	(0.76)	(0.39)
Gain on disposal of property, plant and equipment, net	29	(3.45)	(1.88)
Unrealised foreign exchange (gain)/loss, net		(48.20)	3.86
Employee stock compensation expense	32	60.76	79.89
Finance costs	33	615.10	510.13
Share of profit from investment in Limited Liability Partnership (LLP)	29	-	(4.17)
Operating cash flows before changes in operating assets and liblities		**3,884.86**	**3,497.60**
Changes in operating assets and liblities:			
Decrease (increase) in trade receivables		(176.35)	(974.58)
Decrease (increase) in other financial assets and other assets		92.48	(52.16)
Decrease (increase) in inventories		(933.60)	(290.34)
Increase/(decrease) in trade payables		267.98	322.30
Increase/(decrease) in other liabilities		(49.75)	49.25
Increase/(decrease) in provisions		(165.12)	(31.92)
Cash generated from operations		**3,120.00**	**2,559.85**
Income taxes paid, net		(555.82)	(429.20)
Net cash generated from operating activities (A)		**2,564.18**	**2,130.65**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,420.23)	(2,668.28)
Purchase of intangible assets	3 c	(11.81)	(6.81)
Proceeds from disposal of property, plant and equipment		7.12	4.79
Receipt of government grant		6.56	-
Investment in Limited Liability Partnership (LLP)	4	-	(68.00)
Interest received	29	16.34	14.42
Share of profit from investment in Limited Liability Partnership (LLP)	29	-	4.17
Movement in fixed deposits, net	13	(6.77)	166.58
Net cash used in investing activities (B)		**(2,408.79)**	**(2,553.13)**
Cash flows from financing activities			
Proceeds/(repayments) of non-current borrowings:			
Proceeds		1,708.79	1,606.01
Repayments		(1,380.88)	(1,099.93)
Proceeds/(repayments) of current borrowings, net		344.37	464.91
Interest paid		(601.65)	(515.43)
Payment of principal portion of lease liabilities	3 d	(74.26)	(71.62)
Dividend payment		(105.26)	-
Proceeds from issue of equity share capital		47.21	81.52
Net cash (used in)/generated from financing activities (C)		**(61.68)**	**465.46**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**93.71**	**42.98**
Cash and cash equivalents at the beginning of the year	12	383.44	365.00
of foreign currency cash and cash equivalents		18.43	(24.54)
Cash and cash equivalents at the end of the year (refer below)	12	**495.58**	**383.44**

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
Cash on hand		0.70	0.84
Balances with banks - on current accounts		494.88	382.60
Cash and cash equivalents at the end of the year		**495.58**	**383.44**

The above consolidated statement of cash flows has been prepared under indirect method in accordance with Indian Accounting Standard (IND AS) 7 on "Statement of Cash Flows"

Reconciliation of liabilities from financing activities:

Particulars	Opening balance	Cash flows		Non-cash movements			Closing balance
	1 April 2022	Proceeds	Repayments	Reclassification	Additions (net)/Accruals	Fair value changes/Effect of foreign exchange differences	31 March 2023
Non-current borrowings	3,430.30	1,708.79	(1,380.88)	176.27	-	(15.61)	3,918.87
Current borrowings *	3,021.14	344.37	-	(176.27)	-	13.00	3,202.24
Interest	9.63	-	(601.65)	-	615.10	4.12	27.20
Lease liabilities	1,013.14	-	(74.26)	-	-	(17.75)	921.13
Total liabilities from financing activities	**7,474.21**	**2,053.16**	**(2,056.79)**	-	**615.10**	**(16.24)**	**8,069.44**

Particulars	Opening balance	Cash flows		Non-cash movements			Closing balance
	1 April 2021	Proceeds	Repayments	Reclassification	Additions (net)/Accruals	Fair value changes/Effect of foreign exchange differences	31 March 2022
Non-current borrowings	2,930.24	1,606.01	(1,099.93)	-	-	(6.02)	3,430.30
Current borrowings *	2,552.32	464.91	-	-	-	3.91	3,021.14
Interest	14.93	-	(515.43)	-	510.13	-	9.63
Lease liabilities	921.16	-	(71.62)	-	183.52	(19.92)	1,013.14
Total liabilities from financing activities	**6,418.65**	**2,070.92**	**(1,686.98)**	-	**693.65**	**(22.03)**	**7,474.21**

* Current borrowings are disclosed net of proceeds/repayments

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Manisha Parikh
Partner
(Membership No. 47840)

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date: 22 May 2023

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

B R Preetham
Chief Executive Officer

Place: Bengaluru
Date: 22 May 2023

F R Singhvi
Joint Managing Director
DIN: 00233146

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

SANSERA ENGINEERING LIMITED
BANGALORE
560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN): L34103KA1981PLC004542
Consolidated Statement of Changes in Equity as at 31 March 2023

A. Equity share capital

(Amount in ₹ millions)

Equity shares	No. of shares	Amount
Balance as at 01 April 2021	46,936,500	93.87
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 01 April 2021	46,936,500	93.87
Add: Shares issued on conversion Compulsorily Convertible Preference shares (CCPS) (refer note 17(ii))	4,441,350	8.88
Add: Shares issued on exercise of employee stock options (refer note 17(ii))	777,965	1.56
Balance as at 31 March 2022	52,155,815	104.31
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 31 March 2022	52,155,815	104.31
Add: Shares issued on exercise of employee stock options	773,725	1.55
Balance as at 31 March 2023	52,929,540	105.86

Instruments entirely equity in nature

(Amount in ₹ millions)

Compulsorily Convertible Preference Shares	No. of shares	Amount
Balance as at 01 April 2021	1,050,000	105.00
Changes in Compulsorily Convertible Preference Share due to prior period errors	-	-
Restated balance as at 01 April 2021	1,050,000	105.00
Conversion of Compulsorily Convertible Preference shares (CCPS)	(1,050,000)	(105.00)
Balance as at 31 March 2022	-	-
Changes in Compulsorily Convertible Preference Share due to prior period errors	-	-
Restated balance as at 31 March 2022	-	-
Conversion of Compulsorily Convertible Preference shares (CCPS)	-	-
Balance as at 31 March 2023	-	-

B. Other equity

(Amount in ₹ millions)

Particulars	Reserves and Surplus						Other Comprehensive Income(OCI)		Attributable to owners of the Company	Non-Controlling Interests	Total Equity
	Capital reserve	Securities premium	Capital redemption reserve	Share options outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit liability			
Balance as at 31 March 2021	8.17	1,216.76	0.55	182.00	135.48	6,987.35	53.24	-	8,583.55	104.99	8,688.54
Conversion of Series A and B 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	-	96.12	-	-	-	-	-	-	96.12	-	96.12
Compensation cost related to employee share based payment	-	-	-	79.89	-	-	-	-	79.89	-	79.89
Transfer to securities premium	-	118.51	-	(38.52)	-	-	-	-	79.99	-	79.99
Profit for the year	-	-	-	-	-	1,304.52	-	-	1,304.52	14.38	1,318.90
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	19.22	19.22	-	19.22
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(33.78)	-	(33.78)	-	(33.78)
Transfer to retained earnings	-	-	-	-	-	19.22	-	(19.22)	-	(0.03)	(0.03)
Balance as at 31 March 2022	8.17	1,431.39	0.55	223.37	135.48	8,311.09	19.46	-	10,129.51	119.34	10,248.85
Compensation cost related to employee share based payment	-	-	-	60.76	-	-	-	-	60.76	-	60.76
Transfer to securities premium	-	134.06	-	(88.40)	-	-	-	-	45.66	-	45.66
Final dividend for the financial year ended 31 March 2022						(105.26)	-		(105.26)		(105.26)
Profit for the year	-	-	-	-	-	1,461.95	-	-	1,461.95	21.47	1,483.42
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	(19.23)	(19.23)	-	(19.23)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	0.09	-	0.09	-	0.09
Transfer to retained earnings	-	-	-	-	-	(19.23)	-	19.23	-	(0.47)	(0.47)
Balance as at 31 March 2023	8.17	1,565.45	0.55	195.73	135.48	9,648.55	19.55	-	11,573.48	140.34	11,713.82

In accordance with Notification G.S.R 404(E), dated 06 April 2016, as included in amended Schedule III, the Company has recognised remeasurement of defined benefit plans amounting to ₹ 19.23 million (31 March 2022: (₹ 19.22) million) as a part of retained earnings.

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

Place: Bengaluru
Date: 22 May 2023

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

B R Preetham
Chief Executive Officer

Place: Bengaluru
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Joint Managing Director
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Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

SANSERA ENGINEERING LIMITED BANGALORE 560 105

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Group Overview

Sansera Engineering Limited (the "Company" or "Parent Company") along with its subsidiaries Fitwel Tools and Forgings Private Limited, Sansera Sweden AB and Sansera Engineering Pvt. Ltd. Mauritius (together referred to as "Group") was incorporated on 15 December 1981 under the provisions of the Companies Act, 1956 with its registered office and principal place of business in Bengaluru, Karnataka. The Group is involved in the business of manufacture of auto components such as rocker arms, connecting rods, gear shifters, crank shafts, and aerospace components. It is also involved in providing services such as forging and other related services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in Sweden. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on 22 May 2023.

1. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Principles of consolidation

The consolidated financial statements include the results of the following subsidiaries:

S. No.	Name of the Entity	Country of incorporation	Effective group shareholding %
1	Fitwel Tools and Forgings Private Limited	India	70
2	Sansera Sweden AB	Sweden	100
3	Sansera Engineering Pvt. Ltd., Mauritius	Mauritius	100

c. Basis of consolidation

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

ENGINEERING LIMITED BANGALORE 560 105

1. Basis of Preparation (continued)

In accordance with Appendix C to Ind AS 103 on Business combinations of entities under common control, the Group accounts for these business combinations using the pooling of interest method as per the guidance provided under Appendix C to Ind AS 103. The consolidated financial statements in respect of prior periods are restated as if the combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of the combination. All the assets and liabilities including have been recorded at their existing carrying amounts.

Subsidiary companies

Subsidiary companies are all entities over which the group has control. The group controls an entity when the group 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gain / loss on transactions between group companies are eliminated. The financial statements are prepared by applying uniform policies in use at the Group.

Non- controlling interests (NCI)

NCI in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. The parent company's portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as on the date of the investment.

d. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company, and the presentation currency considered for the Group. The functional currency of the subsidiaries operations in Mauritius is Euro and that of its operations in Sweden is Swedish Krona (SEK).

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e., INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated statement of profit and loss.

All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

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1. Basis of preparation (Continued)

e. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Derivative instruments at fair value;
- Net defined benefit (asset)/liability at fair value of plan assets less present value of defined benefit obligations;
- Current investments at fair value through consolidated statement of profit and loss; and
- Share based payment transactions at fair value.

f. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in lease classification.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending ended 31 March 2023 is included in the following notes:

- Note 2(a), 2(b), 3.a and 3.c - Depreciation and amortisation method and useful lives of items of property, plant and equipment and intangibles assets;
- Note 3.a and 3.c – Impairment of property, plant and equipment;
- Note 38 – recognition of deferred tax assets;
- Note 32 and 40– measurement of defined benefit obligations: key actuarial assumptions;
- Note 43 – Impairment of financial assets;
- Note 46 – Impairment of goodwill; and
- Note 15, 25 and 43 – Derivative contracts at fair value.

g. Measurement of fair values

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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1. Basis of preparation (Continued)

g. Measurement of fair values (Continued)

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). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

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 Group 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 categorized 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Note 41 – Employee stock options; and
- Note 42 – Financial instruments;

2. SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment
i. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

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.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

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2. Significant accounting policies (continued)

a. Property, plant and equipment (continued)

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the consolidated statement of profit and loss in the period in which they are incurred.

ii. Depreciation methods, estimated useful lives and residual values

Depreciation is provided on a Straight-Line Method ("SLM") over the useful life of property, plant and equipment as prescribed under Part C of Schedule II of the Companies Act, 2013. In case of second hand assets purchased, the useful life considered is based on the remaining useful life of such asset determined based on technical evaluation and its proposed use. Depreciation for assets purchased/sold during a period is proportionately charged. The useful lives for property, plant and equipment is as follows:

Asset category	Estimated useful life (in years)
Building	30
Plant and machinery	5-25
Furniture and fixtures	10
Vehicles	8
Office equipment	5
Electrical installations	10
Computer (including software)	3-6

Freehold land is not depreciated.

b. Business combination, Goodwill and Intangible assets

Business combinations, other than through common control transactions, are accounted for using the purchase (acquisition) method in accordance with Ind AS 103, Business Combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method. Transaction costs incurred in connection with a business combination are expensed as incurred.

(i) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Any goodwill that arises is tested annually for impairment.

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2. Significant accounting policies (continued)

(ii) Customer relationships:

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life for customer relationship is expected to be 7 years. The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

(iii) Other Intangibles:

Intangible assets purchased are measured at cost less accumulated amortisation and accumulated impairment, if any. Intangible assets are amortised in the consolidated statement of profit and loss over their estimated useful life of 3 years on a straight-line basis.

c. Inventories

i. Inventories are measured at the lower of cost and net realisable value (NRV). Cost comprises purchase price and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Raw material, stores and spares	:	on weighted average basis
Work in progress	:	includes cost of conversion
Finished goods	:	includes cost of conversion

ii. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The comparison of cost and NRV is made on an item-by-item basis. Spare parts that meet the definition of asset are capitalised at their respective carrying amounts. The NRV of work-in-progress is determined with reference to NRV of related finished goods.

iii. Raw materials and other supplies held for use in production of inventories 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 NRV.

iv. Provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

d. Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligation in contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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2. Significant accounting policies (continued)

Revenue is recognised upon transfer of control of goods or services to buyer in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services.

Sale of products is adjusted net of Goods and Service tax, returns, trade discounts, and volume rebates.

Service income is recognized when the related services are rendered unless significant future contingencies exist.

Export incentives are recognised in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of export made.

Dividend income is recognised in the consolidated statement of profit and loss on the date on which the right to receive payment is established.

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

e. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through consolidated statement of profit and loss.

f. Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

2. Significant accounting policies (continued)

f. Government Grants (continued)

Government grants relating to an expense item are recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the consolidated statement of profit and loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

g. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non- lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

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2. Significant accounting policies (continued)

g. Leases (Continued)

The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and a charge or credit to the consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

Lease payments associated with following leases are recognised as expense on straight-line basis:
(i) Low value leases; and
(ii) Leases which are short-term

h. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

Cash and cash equivalents
Cash and cash equivalents include cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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2. Significant accounting policies (continued)

h. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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 at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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 at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss (FVTPL). This include all derivative assets and current investments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense and are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the consolidated statement of profit and loss.

Derivative Instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative instruments are recorded at fair value on every reporting date with changes being accounted in consolidated statement of profit and loss.

iii. Drecognition

Financial assets

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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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2. Significant accounting policies (continued)

h. Financial instruments (continued)

Financial liabilities

The Group derecognises 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 consolidated statement profit and loss.

i. Impairment

i. Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised 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 assets have occurred.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

ii. Impairment of non - financial assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's non-financial assets, other than inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

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2. Significant accounting policies (continued)

ii. Impairment of non - financial assets (continued)

An impairment loss in respect of goodwill is not subsequently reversed. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

j. Employee benefits

i. Defined benefit plan

Gratuity

The Group's gratuity plan is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the balance sheet date.

Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

ii. Defined contribution plan

Provident fund

Provident fund is a post-employment benefit plan under which t makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the consolidated statement of profit and loss during the period in which the related services are rendered by the employees.

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2. Significant accounting policies (Continued)

iii. Share-based payment transactions

Employees of the Group receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the consolidated statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally become entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

k. Taxes

Current income tax

Current income 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 income 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 at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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2. Significant accounting policies (continued)

l. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to the owners of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year for the year attributable to the owners of the Group by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

m. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item 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.

n. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows to their present value and 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.

Provisions for onerous contracts, i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

o. Segment reporting

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Directors of the Group has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources based on single segment approach and accordingly, information has been presented.

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2. Significant accounting policies (continued)

p. Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

a) Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect the amendment to have any significant impact in its consolidated financial statements.

b) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect the amendment to have any significant impact in its consolidated financial statements.

c) Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect the amendment to have any significant impact in its consolidated financial statements.

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Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Notes to the consolidated financial statements for the year ended 31 March 2023 (continued)

3.a Property, Plant and Equipment

(Amount in ₹ millions)

Particulars	Owned Property, plant and equipment										
	Land # (1)	Buildings (2)	Plant and machinery * (3)	Furniture and fixtures (4)	Vehicles (5)	Office equipment (6)	Electrical installations* (7)	Computers (8)	Leasehold improvements (9)	Leasehold land ##	Total
Gross Carrying Amount											
Balance as at 1 April 2021	**466.26**	**1,243.35**	**10,684.82**	**51.54**	**126.70**	**52.94**	**527.14**	**106.03**	**227.43**	**2.01**	**13,488.22**
Reclassified to Intangible Assets	-	-	-	-	-	-	-	(33.05)	-	-	(33.05)
Additions	30.63	101.90	1,921.44	1.64	44.49	3.69	26.67	26.44	-	-	2,156.90
Disposals	-	-	(11.18)	-	(5.71)	-	(0.56)	(0.21)	-	-	(17.66)
Effect of foreign exchange differences	-	0.01	(17.35)	(1.59)	2.83	(0.44)	-	(0.39)	(6.51)	-	(23.44)
Balance as at 31 March 2022	**496.89**	**1,345.26**	**12,577.73**	**51.59**	**168.31**	**56.19**	**553.25**	**98.82**	**220.92**	**2.01**	**15,570.97**
Additions	95.78	660.09	1,933.83	18.64	35.00	13.29	85.10	26.98	-	-	2,868.71
Disposals	-	-	(75.82)	(1.03)	(26.29)	(2.62)	-	(38.59)	-	-	(144.35)
Effect of foreign exchange differences	-	-	(1.99)	0.03	-	(0.23)	-	(0.43)	(5.56)	-	(8.18)
Balance as at 31 March 2023	**592.67**	**2,005.35**	**14,433.75**	**69.23**	**177.02**	**66.63**	**638.35**	**86.78**	**215.36**	**2.01**	**18,287.15**
Accumulated Depreciation											
Balance as at 1 April 2021	-	**177.36**	**2,871.22**	**31.45**	**63.84**	**28.73**	**212.58**	**60.34**	**42.65**	-	**3,488.17**
Reclassified to Intangible Assets	-	-	-	-	-	-	-	(22.84)	-	-	(22.84)
Charge for the year	-	47.70	910.61	4.48	19.53	9.33	53.85	32.38	13.40	-	1,091.28
Disposals	-	-	(2.33)	-	(4.60)	-	(0.32)	(0.16)	-	-	(7.41)
Effect of foreign exchange differences	-	-	(13.84)	(5.98)	2.78	0.30	(0.01)	(0.60)	(1.67)	-	(19.02)
Balance as at 31 March 2022	-	**225.06**	**3,765.66**	**29.95**	**81.55**	**38.36**	**266.10**	**69.12**	**54.38**	-	**4,530.18**
Charge for the year	-	60.26	1,030.68	5.30	19.98	4.61	52.39	17.49	12.31	-	1,203.02
Disposals	-	-	(67.33)	(1.00)	(24.03)	(2.59)	-	(38.59)	-	-	(133.54)
Effect of foreign exchange differences	-	-	(2.09)	-	-	(0.06)	-	(0.70)	(1.07)	-	(3.92)
Balance as at 31 March 2023	-	**285.32**	**4,726.92**	**34.25**	**77.50**	**40.32**	**318.49**	**47.32**	**65.62**	-	**5,595.74**
Carrying Amount (net)											
Balance as at 31 March 2023	**592.67**	**1,720.03**	**9,706.83**	**34.98**	**99.52**	**26.31**	**319.86**	**39.46**	**149.74**	**2.01**	**12,691.41**
Balance as at 31 March 2022	**496.89**	**1,120.20**	**8,812.07**	**21.64**	**86.76**	**17.83**	**287.15**	**29.70**	**166.54**	**2.01**	**11,040.79**

Notes:

\# (a) It includes land of 60,786.60 square meter allocated by Karnataka Industrial Area Development (KIADB) at Plot no. 48, 2nd Phase, Sector - 2, Bidadi Industrial Area for a period of 10 years w.e.f. 8 August 2014 and 870.75 square meter allocated by Karnataka Small State Industrial Development Corporation (KSSIDC) at Industrial Estate, Antharasanahalli, Tumkur for a period of 6 years w.e.f. 29 September 2012, to the Parent Company on a lease cum sale basis.

(b) Karnataka Industrial Area Development Board (KIADB) has allotted land measuring 2,025 square meter at Plot no. 143-B-8 Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099, Karnataka on a lease cum sale basis for a period of 11 years w.e.f. 31 December 1999 and 1,058 square meter at Plot no. 143-B-8-Part Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099, Karnataka on a lease cum sale basis for a period of 11 years w.e.f. 29 May 2001 with specified terms and conditions to be complied with by each party. KIADB has alleged / contended that as per the terms and conditions of Clause 2(r)(ii) of the Lease Cum Sale Agreement dated 17.01.2000, the original allottee should hold minimum 51% shares in the Company till the execution of the sale deed and in view of there being a violation of the said clause by Sansera Engineering Limited (Sansera), they have issued a demand notice No. KIADB / HO / Allot / Secy – 3/ 12680 / 6102 / 19-20 dated 29.07.2019 calling upon Sansera to remit an additional sum of ₹ 5,383,798. Challenging the said demand, Sansera has filed Writ Petition seeking quashing of the said demand and also directions to execute the sale deed.

\#\# Karnataka Small State Industrial Development Corporation (KSSIDC) has allotted land of 4,257 square meter at Unit No. 5, KHT Complex, Antarasanahalli, Tumkur, Karnataka on a lease cum sale basis for a period of 4 years w.e.f. 8 January 1987, with specified terms and conditions to be complied with by each party. Subsequently, KSSIDC failed to comply with the terms of the agreement, hence Fitwel Tools and Forgings Private Limited (Fitwel) retained possession of the land. Pursuant to the communications with the KSSIDC, Fitwel has paid an amount of ₹ 2.01 million as consideration for the land, which has been capitalised. As at the balance sheet date, negotiations are in progress and Fitwel awaits the final approval of KSSIDC with respect to the registration of the land in the name of Fitwel.

Refer note 19 for details of charge over the Groups's property, plant and equipment for the borrowings taken by the Group.

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3.a.(i) Title deeds of Immovable Property not held in the name of the Company:

Details of all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company.

(Amount in ₹ millions)

As at 31 March 2023 and 31 March 2022

Relevant line item in the Balance sheet	Description of item of property	Parties to the Agreement	Gross carrying value	Title deeds held in the name of	If held jointly (Name and Company's Share)	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company (to also indicate if in dispute)
Property, plant and equipment	Plot No. 143-B-8, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	Karnataka Industrial Area Development Board	0.62	The title deeds are in the name of Gearock Forge Private Limited, an erstwhile subsidiary company that was merged with the Company during the year 2017-18 under Section 233 of the Companies Act, 2013 as per the order received from Ministry of Corporate Affairs.	Not Applicable	Not Applicable	From 1 April 2017, effective date as per the approved scheme.	Not transferred in the name of the Company due to the matter as mentioned in note 3.a above.
	Plot No. 143-B-8-PART, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	Karnataka Industrial Area Development Board	0.66		Not Applicable	Not Applicable		
	Site No. A1, Khata No. 344, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	H. Muniyappa	0.24		Not Applicable	Not Applicable		The Company is unable to transfer these lands because of ongoing dispute as mentioned in the above note.
	Plot No. 143-C-2, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	BVR Industries	3.08		Not Applicable	Not Applicable		
	Plot No. 143-C-2-Part, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	BVR Industries	3.57		Not Applicable	Not Applicable		

3.a.(ii) There are no proceedings which have been initiated during the year or pending against the Group as at 31 March 2023 for holding any benami property under Benami Transactions (Prohibition) Act, 1988.

3.a.(iii) There were no revaluation of property, plant and equipment during financial year 2022-23 and 2021-22.

3.b Capital-work-in progress (CWIP) aging schedule

(Amount in ₹ millions)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in-progress					
As at 31 March 2023	672.90	64.18	10.61	8.92	756.61
As at 31 March 2022	1,119.28	90.05	3.78	11.14	1,224.25

The Company has a dedicated facility in Bengaluru for machine building and machine design with special purpose machines being manufactured in-house. Special purpose machines are customised machines deployed to automate industrial processes to ensure high productivity. Machinery component required for machine building process are included in capital work-in-progress.

There are no projects which are under suspension. With regard to the ongoing projects there are no projects where completion is overdue or has exceeded the cost as compared to its original plan, considering amendments as may be approved. The Projects in-progress for more than 3 years represent components which would be commonly used across various special purpose machines being manufactured in-house.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Notes to the consolidated financial statements for the year ended 31 March 2023 (continued)

3.c Other Intangible Assets (Amount in ₹ millions)

Particulars	Owned intangible assets		Total
	Customer relationship	Computer Software	
Gross Carrying Amount			
Balance as at 1 April 2021	**37.62**	**14.68**	**52.30**
Reclassified from Computers	-	33.05	33.05
Additions	-	6.81	6.81
Disposals	-	-	-
Effect of foreign exchange differences	(1.09)	-	(1.09)
Balance as at 31 March 2022	**36.53**	**54.54**	**91.07**
Additions	-	11.81	11.81
Disposals	-	-	-
Effect of foreign exchange differences	(0.92)	-	(0.92)
Balance as at 31 March 2023	**35.61**	**66.35**	**101.96**
Accumulated Amortisation			
Balance as at 1 April 2021	**21.50**	**11.63**	**33.13**
Reclassified from Computers	-	22.79	22.79
Amortisation for the year	4.64	6.59	11.23
Disposals	-	-	-
Effect of foreign exchange differences	(0.04)	-	(0.04)
Balance as at 31 March 2022	**26.10**	**41.01**	**67.11**
Amortisation for the year	4.64	5.88	10.52
Disposals	-	-	-
Effect of foreign exchange differences	(0.21)	-	(0.21)
Balance as at 31 March 2023	**30.53**	**46.89**	**77.42**
Carrying Amount (net)			
Balance as at 31 March 2023	**5.08**	**19.46**	**24.54**
Balance as at 31 March 2022	**10.43**	**13.53**	**23.96**

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SANSERA ENGINEERING LIMITED BANGALORE 560 105.

Sansera Engineering Limited
Corporate Identity Number (CIN) : L34103KA1981PLC004542
Notes to the consolidated financial statements for the year ended 31 March 2023 (continued)

3.d Right-of-use assets and lease liabilities

(Amount in ₹ millions)

i) Following are the changes in the carrying value of right-of-use assets:

Particulars	Leasehold Land	Leased Buildings	Total
Balance as at 1 April 2021	**35.76**	**856.59**	**892.35**
Additions	133.24	72.15	205.39
Deletion	-	(6.65)	(6.65)
Depreciation	(6.96)	(87.56)	(94.52)
Effect of foreign exchange differences	-	(19.30)	(19.30)
Balance as at 31 March 2022	**162.04**	**815.23**	**977.27**
Additions	-	-	-
Deletion	-	-	-
Depreciation	(6.96)	(80.04)	(87.00)
Effect of foreign exchange differences	-	(17.15)	(17.15)
Balance as at 31 March 2023	**155.08**	**718.04**	**873.12**

ii) The following is the movement in lease liabilities:

Particulars	Leasehold Land	Leased Buildings	Total
Balance as at 1 April 2021	**1.72**	**919.44**	**921.16**
Additions	133.24	61.05	194.29
Finance cost accrued during the year	10.39	39.21	49.60
Rental concession*	-	(0.44)	(0.44)
Deletions	-	(10.33)	(10.33)
Payments	(6.00)	(115.22)	(121.22)
Effect of foreign exchange differences	-	(19.92)	(19.92)
Balance as at 31 March 2022	**139.35**	**873.79**	**1,013.14**
Additions	-	-	-
Finance cost accrued during the year	10.35	33.86	44.21
Deletions	-	-	-
Payments	(12.00)	(106.47)	(118.47)
Effect of foreign exchange differences	-	(17.75)	(17.75)
Balance as at 31 March 2023	**137.70**	**783.43**	**921.13**

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	99.81	102.51
Non-current lease liabilities	821.32	910.63
Total	**921.13**	**1,013.14**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

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3.d Right-of-use assets and lease liabilities (continued)

(Amount in ₹ millions)

iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	121.81	125.06
One to five years	369.82	414.57
More than five years	746.84	835.26
Total lease liabilities	**1,238.47**	**1,374.89**
Less: Implicit interest	317.34	361.75
Lease liabilities included in the Balance sheet	**921.13**	**1,013.14**

v) Amount recognised in the consolidated statement of profit and loss:

Particulars	As at 31 March 2023	As at 31 March 2022
Depreciation on Right-of-use assets	87.00	94.52
Interest on lease liabilities	44.21	49.60
Low value lease rentals (included with rent, classified under other expenses)	14.94	10.41

vi) Amount recognised in the consolidated statement of cash flows:

Particulars	As at 31 March 2023	As at 31 March 2022
Cash outflows for leases		
Interest portion of lease liabilities	44.21	49.60
Principal portion of lease liabilities	74.26	71.62
Total	**118.47**	**121.22**

*The Group has applied the practical expedient to all eligible rent concessions and subsequently for the year ended 31 March 2022 an amount of ₹ 0.44 million has been recognised in the consolidated statement of profit and loss.

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(Amount in ₹ millions)

3.e **Goodwill**

Particulars	As at 31 March 2023	As at 31 March 2022
Carrying amount at the beginning of the year	352.25	358.37
Effect of foreign exchange differences	(5.18)	(6.12)
Total	**347.07**	**352.25**

Note: For details of impairment tests for goodwill refer note 47

4 **Investments (Non-current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Unquoted (Measured at fair value through other comprehensive income)		
Partner contribution		
Clean Max Vega Power LLP 26% (31 March 2022: 26%)	104.93	104.93
Total	**104.93**	**104.93**

Name of the Partners	As at 31 March 2023		As at 31 March 2022	
	Monetary Value of Contribution	Contribution Ratio	Monetary Value of Contribution	Contribution Ratio
Clean Max Enviro Energy Solutions Private Limited	265.98	65.90%	265.98	65.90%
Sansera Engineering Limited	104.93	26.00%	104.93	26.00%
CleanMax Renewable Trust	32.67	8.10%	32.67	8.10%
Kuldeep Jain #	-	0.00%	-	0.00%
Total Capital	**403.58**	**100.00%**	**403.58**	**100.00%**

₹ 10 (31 March 2022: ₹ 10) not presented above due to rounding off to nearest ₹ in million.

Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	104.93	104.93
Aggregate amount of impairment in investments	-	-

5 **Loans (Non-current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Loans to the Directors of subsidiary Company	2.28	2.70
Loans to employees	6.71	13.02
Total	**8.99**	**15.72**

6 **Other financial assets (Non-current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits - Unsecured, considered good	267.57	282.27
Bank deposits with more than 12 months maturity *	11.46	5.68
Total	**279.03**	**287.95**

* Represents deposits pledged against bank guarantees and letter of credits provided by the bank.

7.a **Current tax assets (net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Advance tax including tax deducted at source, net of provision for tax	85.08	28.30
Total	**85.08**	**28.30**

7.b **Current tax liabilities (net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for tax, net of advance tax including tax deducted at source	5.00	8.48
Total	**5.00**	**8.48**

8 **Other non-current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Capital advances	303.66	205.50
Prepayments	-	-
Duty paid under protest	10.06	3.83
Total	**313.72**	**209.33**

9 **Inventories** *(valued at lower of cost and net realisable value)*

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials *	1,233.69	993.68
Work-in-progress	1,380.52	1,055.89
Finished goods **	830.62	466.79
Stores and spares	264.80	259.67
Total	**3,709.63**	**2,776.03**

* Includes stock of assembled components.
** Includes stock in transit of ₹ 416.26 million (31 March 2022: ₹ 162.80 million).

a) Amount of inventories recognized as an expense is ₹ 18.54 million (Financial year 2021-22: ₹ 0.76 million)
b) Write-down of the inventories to net realisable value amounted to ₹ 4.14 million (Financial year 2021-22: ₹ 0.76 million). These were recognized as an expense during the year and included in note 30 and 31 in the consolidated statement of profit and loss

The mode of valuation of inventories has been stated in note 2 c

10 **Current investments**

Particulars	As at 31 March 2023	As at 31 March 2022
Quoted equity shares		
Equity shares at fair value through statement of profit and loss		
800 (31 March 2022: 800) equity shares of ₹10 each fully paid up of Maruti Suzuki India Limited	6.73	5.97
Total	**6.73**	**5.97**

Aggregate amount of quoted investments	6.73	5.97
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in investments	-	-

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11 **Trade receivables**

Particulars	As at 31 March 2023	As at 31 March 2022
Considered good - Secured	-	-
Considered good - Unsecured	4,418.71	4,118.27
That have an increase in Credit Risk that is significant	-	-
Credit Impaired	-	-
Total	4,418.71	4,118.27
Less: Allowance for credit losses	(91.40)	(32.63)
Trade receivables	4,327.31	4,085.64

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 43.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rebates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	*Expected Credit loss (%)*
within the credit period	0% - 0.01%
1-90 days past due	0.01% - 0.54%
91-180 days past due	0.83% - 2.56%
181-270 days past due	19.72 - 11.98%
271-360 days past due	34.90% - 37.59%
More than 360 days past due	100.00%

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023							
(i) Undisputed Trade receivables - considered good							-
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	2,792.88	1,345.99	249.49	24.60	5.75	-	4,418.71
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	2,792.88	1,345.99	249.49	24.60	5.75	-	4,418.71
Less: Allowance for credit losses							(91.40)
Trade receivables							4,327.31
As at 31 March 2022							
(i) Undisputed Trade receivables - considered good	2,773.56	1,241.09	83.46	12.42	5.74	2.00	4,118.27
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	2,773.56	1,241.09	83.46	12.42	5.74	2.00	4,118.27
Less: Allowance for credit losses							(32.63)
Trade receivables							4,085.64

12 **Cash and cash equivalents**

Particulars	As at 31 March 2023	As at 31 March 2022
Balance with banks		
in current accounts	494.88	382.60
Cash on hand	0.70	0.84
Total	495.58	383.44

13 **Bank balances other than cash and cash equivalents**

Particulars	As at 31 March 2023	As at 31 March 2022
Bank deposits within 12 months maturity *	120.83	119.84
Total	120.83	119.84

* Includes certain deposits amounting to ₹ 42.70 millions as at 31 March 2023 (31 March 2022: ₹ 45.21 million) pledged against bank guarantees and letter of credits provided by the bank.

14 **Loans (Current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Loans to Key Managerial Personnel (Refer note 39)	-	3.88
Loans to the Directors of subsidiary Company	0.91	-
Loans to employees	31.54	21.27
Total	32.45	25.15

15 **Other financial assets (Current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Amounts recoverable from shareholders (IPO related) (Refer note 39)	-	3.47
Unbilled revenue*	153.05	172.70
Derivative contracts at fair value	-	6.13
Others	35.58	19.39
Total	188.63	201.69

* Unbilled revenue represents revenue recognised in excess of invoicing towards price increases, where there is an unconditional right to receive cash, and only act of invoicing is pending

16 **Other current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Duty drawback receivables	27.67	45.99
Advance to suppliers	113.21	89.72
Balances payable to government authorities	12.83	145.03
Fund balance related to compensated absences	2.16	-
Prepayments	107.10	66.44
Total	262.97	347.18

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(Amount in ₹ millions except no. of shares)

17 **Equity share capital**

(i)

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised share capital		
Equity shares		
62,500,000 (31 March 2022: 62,500,000) equity shares of ₹ 2 each (31 March 2022: ₹ 2 each)	125.00	125.00
Total	**125.00**	**125.00**
Issued, subscribed and paid up share capital		
Equity shares		
52,929,540 (31 March 2022: 52,155,815) equity shares of ₹2 each (31 March 2022: ₹ 2 each)	105.86	104.31
Total	**105.86**	**104.31**

(ii) **Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2023 No. of shares	Amount	As at 31 March 2022 No. of shares	Amount
Equity shares				
Number of shares outstanding at the beginning of the year	52,155,815	104.31	46,936,500	93.87
Add: Shares issued on conversion of Compulsorily Convertible Preference shares (CCPS)	-	-	4,441,350	8.88
Add: Shares issued on exercise of employee stock options	773,725	1.55	777,965	1.56
Number of shares outstanding at the end of the year	**52,929,540**	**105.86**	**52,155,815**	**104.31**

(iii) **Rights, preferences and restrictions attached to equity shares:**

The Company has a single class of equity shares. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the Shareholders' meeting. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders or in line with the terms of the shareholders agreement as the case may be

Promoters' contribution and lock-in: Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of the 20% of the fully diluted post-Offer Equity Share capital of the Company held by Promoters shall be locked in for a period of three years as minimum Promoters' contribution ("Minimum Promoters' Contribution") from the date of Allotment and the shareholding of the Promoters 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.

Share capital locked-in for one year. In terms of the Regulation 17 of the SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of the Minimum Promoters' Contribution, the entire pre-Offer Equity Share capital of the Company will be locked-in for a period of one year from the date of Allotment except the Equity Shares held by Client Ebene Limited and CVCIGP II Employee Ebene Limited who are SEBI registered FVCIs; and Equity Shares held by the employees of the Company (whether currently an employee or not) which have been or will be allotted to them under ESOP 2015 and ESOP 2018 scheme.

(iv) **Shares held by holding / ultimate holding company and / or their subsidiaries / associates:**

Name of the shareholder	As at 31 March 2023 No. of shares	Amount	As at 31 March 2022 No. of shares	Amount
Equity shares				
Client Ebene Limited (Significant Shareholders)	9,554,842	19.11	9,554,842	19.11
CVCIGPII Employee Ebene Limited (Significant Shareholders)	5,351,702	10.70	5,351,702	10.70
Total	**14,906,544**	**29.81**	**14,906,544**	**29.81**

(v) **List of persons holding more than 5 percent shares in equity shares of the Company**

Name of the shareholder	As at 31 March 2023 No. of shares	% holding	As at 31 March 2022 No. of shares	% holding
Client Ebene Limited	9,554,842	18.05%	9,554,842	18.32%
CVCIGPII Employee Ebene Limited	5,351,702	10.11%	5,351,702	10.26%
S Sekhar Vasan	10,249,531	19.36%	10,249,531	19.65%
Unni Rajagopal K	2,845,549	5.38%	2,845,549	5.46%
F R Singhvi *	2,795,549	5.28%	2,795,549	5.36%

* Pursuant to the provisions of a memorandum of understanding executed between F R Singhvi and the Singhvi Family Shareholders, dated 15 May 2013, F R Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by the Singhvi Family Shareholders.

(vi) As at 31 March 2023, the Company has reserved 1,767,312 shares (31 March 2022: 2,541,037 shares) for issuance towards outstanding employee stock option available for exercise. Refer note 41

(vii) (a) There have been no shares allotted as fully paid up pursuant to contract without payment being received in cash during five years immediately preceding 31 March 2023, except with effect from 27 July 2018, on approval of shareholders, one equity share of ₹ 100 each was sub-divided into 50 equity shares of ₹ 2 each resulting into 3,237,000 number of shares. Subsequently, the Company had issued 43,699,500 bonus shares in the proportion of 27:2.

(b) There are no shares bought back during 5 years immediately preceding 31 March 2023

(viii) **Shareholding of Promoters in equity shares of the Company**

Promoter name	Shares held by promoters at the end of the year No. of Shares	% of total shares	% Change during the year
S Sekhar Vasan	10,249,531	19.36%	0.00%
Unni Rajagopal K	2,845,549	5.38%	0.00%
D Devaraj	2,176,374	4.11%	0.00%
F R Singhvi *	2,795,549	5.28%	0.00%
D. Devaraj - HUF	669,175	1.26%	0.00%
P Singhvi charitable trust	50,000	0.09%	0.00%
Total	**18,786,178**	**35.48%**	

* Pursuant to the provisions of a memorandum of understanding executed between F R Singhvi and the Singhvi Family Shareholders, dated 15 May 2013, F R Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by the Singhvi Family Shareholders

The promoters of the Company are S Sekhar Vasan, F R Singhvi, Unni Rajagopal K and D Devaraj. Promoters' contribution and lock-in: Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of the 20% of the fully diluted post-Offer Equity Share capital of the Company held by Promoters shall be locked in for a period of three years as minimum Promoters' contribution ("Minimum Promoters' Contribution") from the date of Allotment on 21 September 2021 and the shareholding of the Promoters 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 on 21 September 2021.

Share capital locked-in for one year. In terms of the Regulation 17 of the SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of the Minimum Promoters' Contribution, the entire pre-Offer Equity Share capital of the Company will be locked-in for a period of one year from the date of Allotment except the Equity Shares held by Client Ebene Limited and CVCIGP II Employee Ebene Limited who are SEBI registered FVCIs; and Equity Shares held by the employees of the Company (whether currently an employee or not) which have been or will be alloted to them under ESOP 2015 and ESOP 2018 schemes

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(Amount in ₹ millions)

Instruments entirely equity in nature

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised		
Preference shares		
Series A 300,000 (31 March 2022: 300,000), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	30.00	30.00
Series B 750,000 (31 March 2022: 750,000), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	75.00	75.00
Total	105.00	105.00
Issued, subscribed and paid up		
Preference shares		
Series A nil (31 March 2022: nil), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	-	-
Series B nil (31 March 2022: nil), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	-	-
Total	-	-

i. Reconciliation of the number of preference shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
Series A Compulsorily Convertible Preference shares (CCPS)				
Number of shares outstanding at the beginning of the year	-	-	300,000	30.00
Add: Issued/(Converted) during the year	-	-	(300,000)	(30.00)
Number of shares outstanding at the end of the year	-	-	-	-
Series B Compulsorily Convertible Preference shares (CCPS)				
Number of shares outstanding at the beginning of the year	-	-	750,000	75.00
Add: Issued/(Converted) during the year	-	-	(750,000)	(75.00)
Number of shares outstanding at the end of the year	-	-	-	-

18 **Other equity**

Summary of other equity balances *

Particulars	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
Capital redemption reserve	0.55	0.55
Capital reserve	8.17	8.17
Securities premium	1,565.45	1,431.39
General reserve	135.48	135.48
Retained earnings	9,648.55	8,311.09
Share options outstanding account	195.73	223.37
Exchange differences on translation of foreign operations (Net of tax)	19.55	19.46
Total	11,573.48	10,129.51

* Refer consolidated statement of changes in equity for detailed movement in above other equity balances.

Nature and purpose of other equity:

Capital redemption reserve
The capital redemption reserve is created out of undistributed profits for purchase of its own shares.

Capital reserve
Capital reserve of ₹ 2.56 million refers to the subsidy received from the Government of Karnataka, Department of Industries and Commerce. This subsidy was received as the Group was a small scale industry in that particular year. Balance pertains to share of pre-acquisition profits of a subsidiary at the time of acquisition by the Group accounted as capital reserve.

Securities premium
Securities premium comprises of premium on issue of shares. The reserve is utilised in accordance with specific provision of the Companies Act, 2013.

General reserve
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to consolidated statement of profit and loss.

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(Amount in ₹ millions)

18 **Other equity (continued)**

Retained earnings
Retained earnings are profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Share options outstanding account
The fair value of the equity-settled share based payment transactions with employees is recognised in the consolidated statement of profit and loss with corresponding credit to share options outstanding account.

Exchange differences on translation of foreign operations
Exchange differences arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

19 **Borrowings (Non-current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Secured at amortised cost		
Term loans from banks	2,578.16	2,083.83
Term loans from other financial institutions	51.59	251.21
Car loan from bank	0.50	-
Total	**2,630.25**	**2,335.04**

The Group has not been declared a wilful defaulter by any bank or financial institution or other lender

Repayment and interest terms

Term loans from banks:

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2023	As at 31 March 2022
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from August 2017 and to be settled by August 2022. The loan carries interest rate of 2% p.a.	Citi Bank	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain immovable properties and secured by second pari-passu charge on current assets, i.e., inventories and trade receivables, both present and future.	-	47.56
Repayable in 20 equal quarterly instalments of ₹11.11 million per quarter starting from April 2017 and to be settled by July 2022. Loan carries interest rate of 7.85% p.a. - 7.9% p.a	HSBC	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain properties (land and buildings) and secured by second pari-passu charge on current assets, both present and future.	-	19.44
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from September 2017 and to be settled by November 2022. Loan carries interest rate of 7.65% p.a. - 8% p.a.			-	36.11
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from January 2019 and to be settled by July 2023. Loan carries interest rate of 7.95% p.a. - 8.4% p.a.			19.44	75.00
Repayable in 20 equal quarterly instalments of ₹21 million per quarter starting from March 2019 and to be settled by August 2023. The loan carries interest rate of 8.95% p.a	HDFC Bank	Secured by first pari-passu charge on movable fixed assets, certain immovable fixed assets (land and buildings) and secured by second pari-passu charge on current assets, viz. inventories and receivables, both present and future.	42.00	126.00
Repayable in 20 equal quarterly instalments of ₹20 million per quarter starting from September 2019 and to be settled by June 2024. The loan carries a interest rate of 8.75% p.a.			100.00	180.00
Repayable in 20 equal quarterly instalments of ₹25 million per quarter starting from January 2021 and to be settled by October 2025. The loan carries a interest rate of 7.65% p.a.			275.00	375.00
Repayable in 20 equal quarterly instalments of ₹39.28 million per quarter starting from June 2023 and to be settled by December 2027. The loan carries a interest rate of 9.26% and 8.82.% p.a			657.14	500.00
Repayable in 16 equal quartely instalments of ₹62.50 million starting from October 2021 and to be settled by July 2025. The loan carries a interest rate of 8.90% p.a	Axis Bank	Secured by first pari-passu charge on entire movable fixed assets, both present and future, certain immovable properties and secured by second pari-passu charge on entire current assets, both present and future.	623.33	874.16
Repayable in 54 equal monthly instalments of ₹18.5 million starting from August 2022 and to be settled by January 2027. The loan carries a interest rate of 8.05% p.a.	State Bank of India	Secured by first pari-passu charge on entire movable fixed assets, certain immovable properties and secured by second pari-passu charge on entire current assets, including inventories and receivables, both present and future.	851.94	633.91
Repayable in 54 equal monthly instalments of ₹18.5 million starting from March 2023 and to be settled by January 2027. The loan carries a interest rate of 8.15% p.a.			851.00	-
Repayable in 57 monthly instalments of ₹ 0.43 million per month starting from August 2015 and to be settled by October 2022. The loan carries a interest rate of 7.65% p.a	HDFC Bank	Secured by first pari-passu charge on certain property/immovable assets and movable assets and secured by second pari-passu charge on current assets i.e., inventories and receivables, both present and future, of the Company.	-	3.47
Repayable in 60 monthly instalments of ₹ 0.37 million per month starting from Jan 2020 and to be settled by July 2024. The loan carries a interest rate of 9.65% p.a.			6.30	10.75
Repayable in 60 monthly instalments of ₹ 0.46 million per month starting from Nov 2021 and to be settled by October 2024. The loan carries a interest rate of 9.25% p.a.			27.02	44.09
Repayable in 60 monthly instalments of ₹ 0.46 million per month starting from Dec 2023 and to be settled by November 2028. The loan carries a interest rate of 8.70% p.a.			60.00	-
Repayable in 60 monthly instalments of ₹ 0.63 million per month starting from Jan 2023 and to be settled by December 2025. The loan carries a interest rate of 7.55% p.a.	Axis Bank	Secured by first pari-passu charge on certain property/immovable assets and movable fixed assets, both present and future, and secured by second pari-passu charge on current assets including receivables, both present and future.	52.50	30.00
Uncommitted Short term credit facility Repayment at any time 2.0% p.a.	Citi Bank		455.86	-
Total			**4,021.53**	**2,955.49**
Less: Current maturities (Refer note 23)			(1,443.37)	(871.66)
Non-current			**2,578.16**	**2,083.83**

(Amount in ₹ millions)

19 Borrowings (Non-current) (continued)

Term loans from other financial institutions :

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2023	As at 31 March 2022
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from July 2018 and to be settled by April 2024. The loan carries interest rate of 9% p.a.	Citicorp Finance (India) Limited	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain immovable properties and secured by second pari-passu charge on current assets, i.e inventories and trade receivables, both present and future.	-	180.00
Repayable in 54 equal monthly instalments of ₹6.72 million starting from April 2019 and to be settled by September 2023. The loan carries interest rate of 8.9% p.a.	Bajaj Finance Limited	Secured by first pari-passu charge on entire movable fixed assets, certain immovable properties and secured by second pari-passu charge on current assets, both present and future.	39.84	113.63
Repayable in 48 equal monthly instalments of ₹4.88 million starting from February 2021 and to be settled by January 2025. The loan carries interest rate of 8.9% p.a.			100.35	148.09
Repayable in 60 monthly instalments of ₹ 1.10 million per month starting from May 2018 and to be settled by August 2024. The loan carries a interest rate of 10.60% p.a.		Secured by first pari-passu charge on movable fixed assets, both present and future and certain immovable properties and secured by second pari-passu charge on current assets i.e., inventories and receivables, both present and future, of the Company.	7.83	26.17
Repayable in 60 monthly instalments of ₹ 0.15 million per month starting from May 2019 and to be settled by May 2025. The loan carries a interest rate of 10.60% p.a.			4.57	6.55
Total			**152.59**	**474.44**
Less: Current maturities (Refer note 23)			(101.00)	(223.23)
Non-current			**51.59**	**251.21**

Car loans from banks:

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2023	As at 31 March 2022
Repayable in 60 monthly installments of ₹ 0.06 million per month starting from November 2017 and to be settled by September 2022. The loan carries a interest rate of 8.25% p.a.	HDFC Bank	Secured by certain movable fixed assets.	-	0.37
Repayable in 39 monthly installments of ₹ 0.03 million per month starting from July 2022 and to be settled by September 2025. The loan carries a interest rate of 9% p.a.	HDFC Bank		0.79	-
Total			**0.79**	**0.37**
Less: Current maturities (Refer note 23)			(0.29)	(0.37)
Non-current			**0.50**	-

(Amount in ₹ millions)

20 Provisions (Non-Current)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
Provision for gratuity (Refer note 41)	28.92	82.23
Total	**28.92**	**82.23**

21 Deferred tax liabilities (net)

Particulars		As at 31 March 2023	As at 31 March 2022
Deferred tax assets			
Provision for employee benefits		14.15	49.52
Security deposit		3.14	3.81
Allowance for credit losses		21.64	6.85
Derivative contracts at fair value		3.11	-
Right-of-use assets, net of lease liabilities (Ind AS 116)		11.49	9.84
Others		3.46	5.43
Total	(a)	**56.99**	**75.45**
Deferred tax liabilities			
Property, plant and equipment		740.08	697.42
On fair valuation of quoted investments		1.69	1.50
Derivative contracts at fair value		-	11.62
On Intangibles		1.02	4.84
Exchange differences arising from foreign operations		1.99	1.96
Others		0.81	0.04
Total	(b)	**745.59**	**717.38**
Deferred tax liabilities (net)	(c) = (b) - (a)	**688.60**	**641.93**

22 Other non-current liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Government grant	487.40	509.82
Total	**487.40**	**509.82**

Movement in deferred Government grant (Current and Non-current)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	563.92	514.60
Add: Grants during the year	35.27	101.33
Less: Income recognised in the consolidated statement of profit and loss	(55.31)	(52.01)
Closing balance	**543.88**	**563.92**
Less: Amounts expected to be recognised in the next 12 months (Refer note 26) - current	(56.48)	(54.10)
Net Closing balance, non-current	**487.40**	**509.82**

The Government grant related to property, plant and equipment is recognised as income over the useful life, in proportion to the depreciation of the related asset under note 29 -Other income.

23 Borrowings (Current)

Particulars	As at 31 March 2023	As at 31 March 2022
Loans from banks - Secured - at amortised cost		
Cash credit	31.70	-
Working capital loan	1,464.50	1,526.78
Packing credit	1,706.04	1,494.36
Current maturities of long-term debt	1,288.62	1,095.26
Total	**4,490.86**	**4,116.40**

Cash credit, working capital loan, packing credit loan from banks and others amounting to ₹ 3,357.21 million as at 31 March 2023 (31 March 2022: ₹ 3,021.14 million) are secured by hypothecation of current assets, movable fixed assets and certain immovable properties of the Group.

Working capital loan carries interest rate ranging from 5.65% p.a. to 8.6% p.a., Cash credit carries interest rate ranging from 7.1% p.a. to 8.6% p.a. and Packing credit carries interest rate ranging from 4.3 % p.a. to 7.30% p.a.

The quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the unaudited books of accounts. The Group is yet to submit the revised return for the quarter ended March 31, 2023 with the banks or financial institutions based on audited books of accounts of the Group for the year ended March 31, 2023.

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(Amount in ₹ millions)

24 **Trade payables**

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	202.72	77.54
Total outstanding dues of creditors other than to micro enterprises and small enterprises	2,724.06	2,575.43
Total (b)	**2,724.06**	**2,575.43**
Total	**2,926.78**	**2,652.97**

The Group's exposure to currency and liquidity risk related to trade payables are disclosed in note 43.

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Accrued	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023							
Micro, small and medium enterprises - Undisputed	-	136.18	66.53	0.01	-	-	202.72
Others - Undisputed	530.02	1,296.39	890.59	6.44	0.05	0.57	2,724.06
Total	**530.02**	**1,432.57**	**957.12**	**6.45**	**0.05**	**0.57**	**2,926.78**
As at 31 March 2022							
Micro, small and medium enterprises - Undisputed	-	76.41	1.13	-	-	-	77.54
Others - Undisputed	591.16	1,846.13	128.67	7.28	0.39	1.80	2,575.43
Total	**591.16**	**1,922.54**	**129.80**	**7.28**	**0.39**	**1.80**	**2,652.97**

25 **Other current financial liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Interest accrued	27.20	9.63
Capital creditors *	149.05	112.20
Derivative contracts at fair value	12.35	-
Total	**188.60**	**121.83**

* Capital creditors include dues to micro enterprises and small enterprises amounting to ₹ 61.20 million (31 March 2022: ₹ 28.03 million)

26 **Other current liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Advance from customers	139.44	87.63
Statutory liabilities	112.20	121.82
Balances with government authorities	107.56	-
Deferred government grant	56.48	54.10
Total	**415.68**	**263.55**

27 **Provisions (Current)**

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
Provision for gratuity (Refer note 40)	23.04	29.31
Provision for compensated absences	2.69	81.83
Total	**25.73**	**111.14**

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(Amount in ₹ millions)

28 Revenue from operations

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products	21,739.42	18,557.85
Sale of services	36.30	40.87
Sub-total	**21,775.72**	**18,598.72**
Other operating revenues:		
Scrap sales	1,317.65	954.31
Tooling income	190.29	255.75
Export incentive benefits	99.37	81.54
Total	**23,383.03**	**19,890.32**

A. Disaggregation of Revenue from contracts with customers	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products		
India	15,563.78	11,682.89
Europe	3,826.04	2,776.42
USA	1,566.36	1,724.91
Other foreign countries	783.24	2,373.63
Sub-total	**21,739.42**	**18,557.85**
Sale of services		
India	35.56	40.87
Europe	0.74	-
Sub-total	**36.30**	**40.87**
Tooling income		
India	72.09	150.77
Europe	105.67	55.75
USA	9.31	49.23
Other foreign countries	3.22	-
Sub-total	**190.29**	**255.75**
Total revenue from contracts with customers:		
India	15,671.43	11,874.53
Europe	3,932.45	2,832.17
USA	1,575.67	1,774.14
Other foreign countries	786.46	2,373.63
Total revenue from contract with customers	**21,966.01**	**18,854.47**

B. Reconciling the amount of revenue recognised with contract and total revenue:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Total revenue from contract with customers	21,966.01	18,854.47
Adjustments		
Other operating revenues:		
Export incentive benefit	99.37	81.54
Scrap sales	1,317.65	954.31
Total	**23,383.03**	**19,890.32**

C. Timing of revenue recognition

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Good transferred at a point in time	23,192.74	19,634.57
Service transferred over time	190.29	255.75
Total revenue from contract with customers	**23,383.03**	**19,890.32**

The transaction price allocated to (partially) unsatisfied performance obligations at 31 March 2023 and 31 March 2022 is Nil.

D. Contract balances

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade receivables	4,327.31	4,085.64
Contract assets (Unbilled revenue)	153.05	172.70
Contract liabilities (Advance from customers)	139.44	87.63

E. The Group's revenue from its major products are as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Connecting rods	8,465.46	7,939.10
Crank shaft assembly	3,859.24	2,995.98
Rocker arms	3,510.11	3,383.71
Others*	5,904.61	4,239.07
Total revenue from sale of products	**21,739.42**	**18,557.86**

* Individual items of these are less than 10% of sale of products

Revenue from sale of products from top three customers of the Group, who individually exceed 10% of total sales, is 38.78% (as at 31 March 2022 - three customers is 44.18%)

F. Contract liabilities

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	87.63	26.37
Revenue recognised during the year	(87.63)	(26.37)
Contract liabilities recognised during the year	139.44	87.63
Balance at the end of the year	**139.44**	**87.63**

Contract liabilities include advances received from customer towards supplies.

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(Amount in ₹ millions)

29 Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income	16.34	14.42
Fair value gain on financial instruments at fair value through profit or loss	0.76	0.39
Gain on disposal of property, plant and equipment, net	3.45	1.88
Net foreign exchange gain, net	74.33	49.07
Income from government grants	55.31	52.01
Other non-operating income	27.91	32.99
Share of profit from investment in Limited Liability Partnership (LLP)	-	4.17
Total	**178.10**	**154.93**

30 Cost of materials consumed

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw materials at the beginning of the year	993.68	838.03
Add: Purchases	11,103.05	9,026.73
Less: Raw materials at the end of the year	1,233.69	993.68
Total	**10,863.04**	**8,871.08**

31 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening balance		
Finished goods	466.79	395.15
Work-in-progress	1,055.89	897.45
Total	**1,522.68**	**1,292.60**
Closing balance		
Finished goods	830.62	466.79
Work-in-progress	1,380.52	1,055.89
Total	**2,211.14**	**1,522.68**
Changes in inventories of work-in-progress and finished goods	**(688.46)**	**(230.08)**

32 Employee benefits expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	2,598.48	2,273.14
Contribution to provident and other funds (Refer note 40)	159.25	137.66
Employee stock compensation expense (Refer note 41)	60.76	79.89
Staff welfare expenses	361.12	282.89
Total	**3,179.61**	**2,773.58**

33 Finance costs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on		
- Banks and Financial institution borrowings	481.02	408.55
- Others	78.50	45.25
Exchange differences regarded as an adjustment to borrowing costs	11.37	6.73
Interest on obligations under lease	44.21	49.60
Total	**615.10**	**510.13**

34 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property, plant and equipment	1,203.28	1,091.28
Depreciation of right-of-use asset	87.00	94.52
Amortisation of intangible assets	10.52	11.23
Total	**1,300.80**	**1,197.03**

35 Other expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract labour charges	1,158.03	951.73
Freight outward	247.64	228.55
Legal and professional (Refer note 39)	126.94	100.62
Rates and taxes	49.59	83.83
Repairs and maintenance		
Buildings	191.12	132.45
Computers	73.26	60.34
Vehicles	40.62	35.85
Rent	14.94	10.41
Traveling and conveyance	76.72	33.23
Insurance	54.97	67.80
Printing and Stationery	10.58	7.80
Communication expenses	7.49	7.94
Security charges	64.97	52.49
Selling and advertisement	8.04	5.61
Corporate social responsibility	28.21	34.68
Bank charges	25.00	19.56
Allowance for credit losses	58.77	9.02
Miscellaneous	34.81	43.07
Total	**2,271.70**	**1,884.98**

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(Amount in ₹ millions except no. of shares)

36 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. The details are as follows:

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
Profit available to shareholders for calculation of basic and diluted earnings per share	A	1,461.95	1,304.52
Nominal value of equity shares (₹ per share)		2	2
Weighted average number of equity shares for calculation of basic earnings per share	B	52,701,825	51,627,573
Basic earnings per share (in ₹)	A/B	**27.74**	**25.27**
Weighted average number of equity shares for calculation of diluted earnings per share	C	53,798,745	53,545,027
Diluted earnings per share (in ₹)	A/C	**27.17**	**24.36**

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Weighted average number of equity shares	52,155,815	51,377,850
Weighted average number of Shares issued under Employee Stock Option	546,010	249,723
Weighted average number of equity shares for calculation of basic earnings per share	**52,701,825**	**51,627,573**
Add: Impact of potentially dilutive equity shares:		
Weighted average number of Shares issued under Employee Stock Option	1,096,920	1,917,454
Weighted average number of equity shares for calculation of diluted earnings per share	**53,798,745**	**53,545,027**

37 Contingent liabilities and commitments *(to the extent not provided for)*

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities #		
Claims against the Group not acknowledged as debts:		
Excise duty, entry tax and service tax matters (Refer note A i)	35.13	50.38
Income tax matters (Refer note A ii)	49.77	11.95
Customer claims **	67.17	-
Other matters @@	20.00	-
Commitments ##		
Estimated amount of contracts remaining to be executed on capital account and not provided for	542.50	742.89
Investment in MMRFIC Technology Private Limited (MMRFIC) (Refer note 50)	200.00	-

37 Contingent liabilities and commitments *(to the extent not provided for)* **(continued)**

Note A: Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for wherever required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcomes of these proceedings to have a materially adverse effect on its financial position.

(i) Relating to demand for service tax on labour charges, refund granted on service tax paid under reverse charge mechanism (RCM), disallowance of Excise duty rebate, disallowance of Input Tax Credit (ITC) on Value Added Tax (VAT) etc.,

(ii) Relating to disallowance of certain expenses, additional depreciation, non-consideration of MAT (Minimum Alternate Tax) credit and non consideration of Tax Deducted at Source (TDS).

** The Company supplied Shifter Forks to American Axle (AAM). American Axle reported failure of the product Shifter Fork and filed a suit with South Carolina Civil Court. The Company appointed a legal firm to handle the civil suit. The management is confident of a favorable outcome and expects the settlement to be not exceeding the amount provided for (Rs.15 million). The Company is expecting a mediation process to settle the matter during financial year ending 31 March 2024.

The Honourable Supreme Court of India, in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision of ₹ 0.58 million for provident fund contribution pursuant to the judgement in the year 2018-2019 from the date of Order of the Honourable Supreme Court of India. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

As disclosed in note 4, the Company has invested in Clean Max Vega Power LLP (i.e., power producer) and entered into an energy supply agreement for a period of 25 years with lock in period of 5 years. Pursuant to such energy supply agreement, the Company has committed to purchase atleast 51% of the total power produced by the power producer.

@@ The Karnataka State Pollution Control Board ("KSPCB") issued a demand order dated February 17, 2020 ("Demand Order") to the Company, demanding an amount of ₹10.00 million on the grounds that Plant 12 was not compliant with the provisions of the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and rules framed under Environment (Protection) Act, 1986 in relation to noise pollution and LPG storage. Our Company filed a reply dated February 27, 2020 refuting all allegations made pursuant to the Demand Order specifying that the Company is in compliance with all pollution regulations and laws and requesting for an opportunity to be heard in person. This matter is currently pending.

The Uttarakhand Pollution Control Board ("UKPCB") issued a demand order dated March 12, 2020 ("Demand Order") to the Company, demanding an amount of ₹10.00 million on the grounds that Plant 6 was not compliant with regulations in relation to discharge of pollutants, issued by the UKPCB and the order of the National Green Tribunal dated November 14, 2019 ("NGT Order"). The Company filed a writ petition dated May 15, 2020 ("Writ Petition") before the High Court of Uttarakhand to quash the Demand Order. The High Court of Uttarakhand pursuant to order dated May 18, 2020 read with order dated July 6, 2020 noted that the NGT Order has been stayed by the Supreme Court of India, and stayed recovery of the compensation demanded pursuant to the Demand Order until the Supreme Court of India completes adjudication in the matter related to the NGT Order. Further, the High Court of Uttarakhand has directed the Company to apprise the UKPCB of all measure undertaken to control pollutions. Hon'ble Supreme Court have vacated the stay in February 2022. Consequently, Uttarakhand Pollution Control Board is expected to issue fresh notice of recovery of Environment Compensation by June 2023.

The Group does not have any other material commitments.

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(Amount in ₹ millions)

38 Tax expense

A. Amounts recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax (a)		
Current year	476.73	427.85
Changes in estimates related to prior years	18.86	7.65
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	53.31	29.29
Income tax expense reported in the consolidated statement of profit and loss (a+b)	**548.90**	**464.79**
Amounts recognised in other comprehensive income		
Deferred taxes		
Remeasurements of the defined benefit plans	(6.70)	6.45
Exchange differences on translation of foreign operations	0.03	(11.36)
Income tax reported in other comprehensive income	**(6.67)**	**(4.91)**

B. Bifurcation of the income tax recognised in other comprehensive income into

Items that will not be reclassified to profit or loss	(6.70)	6.45
Items that will be reclassified to profit or loss	0.03	(11.36)
Total	(6.67)	(4.91)

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	31 March 2023	31 March 2022
Profit before tax	2,032.32	1,783.68
Tax using the Group's domestic tax rate	25.17%	25.17%
Computed expected tax expense	511.53	448.95
Effect of:		
Non-deductible expenses	9.46	8.76
Incremental tax expense on completion of assessment for earlier years	14.98	8.63
Tax exempt income	-	(4.76)
Others	12.93	3.21
Income tax expense	**548.90**	**464.79**

D. Movement in temporary differences

Particulars	Balance as at 1 April 2022 Net deferred tax asset/(liabilities)	Recognised in profit and loss during 2022-23	Recognised in OCI during 2022-23	Balance as at 31 March 2023 Net deferred tax asset/(liabilities)
Property, plant and equipment	(697.42)	(42.66)	-	(740.08)
Provision for employee benefits	49.52	(42.04)	6.70	14.15
Security deposit	3.81	(0.67)	-	3.14
Allowance for credit losses	6.85	14.79	-	21.64
On fair valuation of quoted investments	(1.50)	(0.19)	-	(1.69)
Others	5.39	(2.74)	-	2.65
Derivative contracts	(11.62)	14.73	-	3.11
Right-of-use assets, net of lease liabilities (Ind AS 116)	9.84	1.65	-	11.49
Exchange difference on foreign operations	(1.96)	-	(0.03)	(1.99)
On Intangibles	(4.84)	3.82	-	(1.02)
Total	**(641.93)**	**(53.31)**	**6.67**	**(688.60)**

Particulars	Balance as at 1 April 2021 Net deferred tax asset/(liabilities)	Recognised in profit and loss during 2021-22	Recognised in OCI during 2021-22	Balance as at 31 March 2022 Net deferred tax asset/(liabilities)
Property, plant and equipment	(671.46)	(25.96)	-	(697.42)
Provision for employee benefits	60.86	(5.32)	(6.45)	49.52
Security deposit	1.06	2.75	-	3.81
Allowance for credit losses	4.58	2.27	-	6.85
On fair valuation of quoted investments	(1.40)	(0.10)	-	(1.50)
Others	2.59	2.80	-	5.39
Derivative contracts	(9.70)	(1.92)	-	(11.62)
Right-of-use assets, net of lease liabilities (Ind AS 116)	8.81	1.03	-	9.84
Exchange difference on foreign operations	(13.32)	-	11.36	(1.96)
On Intangibles	-	(4.84)	-	(4.84)
Total	**(617.98)**	**(29.29)**	**4.91**	**(641.93)**

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39 Related parties disclosures

A. Significant Shareholders
Client Ebene Limited
CVCIGPII Employee Ebene Limited

B. Trust in which the Director is a trustee
Sansera Foundation

C. Key managerial personnel
S Sekhar Vasan - Chairman and Managing Director
F R Singhvi - Joint Managing Director
B R Preetham - Chief Executive Officer
Vikas Goel - Chief Financial Officer
Rajesh Kumar Modi - Company Secretary and Compliance officer
Muthuswamy Lakshminarayan - Independent Director
Revathy Ashok - Independent Director
Samir Purushottam Inamdar- Independent Director (With effect from 23 May 2022)
Bilaine Sylvain - Independent Director (upto 28 July 2022)

D. Close members of key managerial personnel's family
Lalitha Singhvi
Praveen Singhvi
Lata Singhvi
Jayaraj Singhvi
Tara Singhvi
Indira Singhvi

E. Entity controlled by close members of key managerial personnel's family
Eff N'Bee Hospitality Private Limited

F. The following is the summary of related party transactions (Amount in ₹ millions)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Expenditure towards Corporate Social Responsibility (CSR)		
Sansera Foundation	27.50	33.98
IPO expenses incurred (to be reimbursed by the shareholders) #		
S. Sekhar Vasan	4.24	59.52
F R Singhvi	0.41	5.79
Lalitha Singhvi	0.13	1.77
Praveen Singhvi	0.13	1.79
Lata Singhvi	0.13	1.79
Jayaraj Singhvi	0.13	1.79
Tara Singhvi	0.13	1.79
Indira Singhvi	0.13	1.79
Unni Rajagopal K	1.18	16.52
Devappa Devaraj	1.18	16.52
Client Ebene Limited	17.77	95.45
CVCIGP II Employee Ebene Limited	9.95	53.46
Staff welfare cost		
Eff N'Bee Hospitality Private Limited	0.21	-
Sale of Property, Plant and Equipment		
Eff N'Bee Hospitality Private Limited	1.84	-
Managerial Remuneration*		
S Sekhar Vasan	14.89	14.89
F R Singhvi	14.89	14.89
B R Preetham	16.94	16.39
Vikas Goel	16.54	16.31
Rajesh Kumar Modi	4.35	4.30
Legal and Professional Charges- Fixed Commission		
Muthuswamy Lakshminarayan	1.20	1.20
Revathy Ashok	1.20	1.20
Samir Purushottam Inamdar	1.00	-
Bilaine Sylvain	0.46	1.20
Legal and Professional Charges- Sitting fees		
Muthuswamy Lakshminarayan	0.26	0.30
Revathy Ashok	0.25	0.33
Bilaine Sylvain	-	0.19
Samir Purushottam Inamdar	0.16	-
Conversion of Compulsorily Convertible Preference Shares (CCPS)		
Client Ebene Limited	-	5.69
CVCIGPII Employee Ebene Limited	-	3.19

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39 Related parties disclosures (continued) (Amount in ₹ millions)

G. The balances receivable from and payable to related parties are:

Particulars	As at 31 March 2023	As at 31 March 2022
IPO expenses recoverable from shareholders #		
S Sekhar Vasan	-	0.42
F R Singhvi	-	0.05
Lalitha Singhvi	-	0.01
Praveen Singhvi	-	0.01
Lata Singhvi	-	0.01
Jayaraj Singhvi	-	0.01
Tara Singhvi	-	0.01
Indira Singhvi	-	0.01
Unni Rajagopal	-	0.12
Devappa Devaraj	-	0.11
Devappa Devaraj on behalf of D. Devaraj HUF	-	-
Client Ebene Limited	-	1.74
CVCIGP II Employee Ebene Limited	-	0.97
Trade payables		
Eff N'Bee Hospitality Private Limited	0.13	-
Loan to key managerial personnel		
B R Preetham	-	3.88
Payable to Directors		
S. Sekhar Vasan	12.85	12.86
Receivable from Director		
F R Singhvi	-	0.36

* Excludes contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

The Company's equity shares were listed on National Stock Exchange ("NSE") and on BSE Limited ("BSE") on 24 September 2021, by completing the Initial Public Offering (IPO) of 17,244,328 equity shares of face value of ₹ 2 each at an issue price of ₹ 744 per equity share, consisting of an offer for sale of 17,244,328 equity shares by the selling shareholders.

For the purpose of IPO, during the current financial year, the Company has incurred a cost of ₹ 35.51 million (31 March 2022: ₹ 257.98 million). As per the arrangement with the related selling shareholders, the aforesaid expenditure is borne by the respective selling shareholders. Outstanding cost recoverable as at 31 March 2023 is Nil (31 March 2022: ₹ 3.47 million).

Terms and conditions:
All transactions with related parties are unsecured.

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(Amount in ₹ millions)

40 Employee benefit plans

A Defined contribution plan

The Group has defined contribution plan. Contributions are made to the Provident fund for employees at the specified rate of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employer contribution to Provident fund, including admin charges	98.57	82.40
Employer contribution to Employee state insurance scheme	18.03	14.13
Employer contribution to Labour Welfare Fund	3.63	0.20

B Defined benefit plans

The Group sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement (Age of 58 years) or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Fund.

The following table sets out the status of the gratuity plan as required under Ind AS 19 "Employee benefits":

a) Reconciliation of present value of defined benefit obligations

Particulars	As at 31 March 2023	As at 31 March 2022
Defined benefit obligations at the beginning of the year	378.64	357.37
Current service cost	31.02	28.92
Interest Expense	27.21	24.07
Benefits paid	(9.17)	(12.77)
Actuarial (gains) / losses recognised in Other Comprehensive Income:		
Changes in financial assumptions	(8.87)	(16.07)
Experience adjustments	36.24	(2.87)
Defined benefit obligations at the end of the year	**455.07**	**378.65**

b) Reconciliation of present value of plan assets

Particulars	As at 31 March 2023	As at 31 March 2022
Plan assets at the beginning of the year	267.11	178.79
Interest income	19.21	12.06
Contributions paid into the plan	125.00	80.01
Return on plan assets recognised in Other Comprehensive Income	(2.03)	6.70
Benefits paid	(6.80)	(10.45)
Plan assets at the end of the year	**402.49**	**267.11**

Actual return on plan assets

Return on plan assets: The long term estimate of the expected rate of return on plan assets has been arrived at based on prevailing yields on those assets. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

Net defined benefit liability (a-b)	**52.58**	**111.54**
Non-current	28.92	82.23
Current	23.04	29.31
Total	**51.96**	**111.54**

c) Expense recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	31.02	28.92
Interest expense	27.21	24.07
Interest income	(19.21)	(12.06)
Total	**39.02**	**40.93**

d) Remeasurements recognised in Other Comprehensive Income (OCI)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial (gain)/loss on account of experience adjustments	36.24	(2.87)
Actuarial (gain)/loss arising from change in financial assumptions	(8.87)	(16.07)
Return on plan assets recognised in other comprehensive income	2.03	(6.70)
Total	**29.40**	**(25.64)**

Total cost recognised in the consolidated statement of profit and loss, including other comprehensive income (c+d)	**68.42**	**15.29**

e) Actuarial assumptions

The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary. These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2023 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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(Amount in ₹ millions)

40 Defined contribution plan (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Discount rate	7.50%	7.20%
Salary increase*	5.00%	5.00%
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age	58 years	58 years
Withdrawal Rate	4.00%	4.00%

*The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

f) Sensitivity Analysis (Amount in ₹ millions)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	416.99	(497.30)	346.21	(333.37)
Future salary growth (1% movement)	497.95	(415.81)	416.43	(275.09)
Withdrawal rate (1% movement)	461.79	(446.13)	384.95	(299.05)
Mortality Rate (1% movement)	454.66	(454.19)	378.82	(378.46)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The expected future contribution and estimated future benefit payments from the fund areas follows:

(Amount in ₹ millions)

Expected cash flows over the next (valued on undiscounted basis):	For the year ended 31 March 2023	For the year ended 31 March 2022
1 year	35.62	29.31
2 to 5 years	141.84	112.82
6 to 10 years	218.48	167.56
More than 10 years	591.35	516.85

g) Asset liability matching strategies
The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)

h) The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

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41 Employee stock options

The Company has a share option scheme for the permanent employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, permanent employees may be granted options to purchase equity shares.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry as per ESOP Schemes.

(a) Sansera Employee Stock Option Plan 2015

On 12 March 2015, the Board of Directors of the Company approved "Sansera Employee Stock Option Plan 2015" ("the Plan") for grant of stock options to the employees of the Company and its subsidiaries which was further ratified by the shareholders on 13 April 2015 Further, the ESOP 2015 has been amended pursuant to resolutions passed by the Shareholders on 3 August 2018, 2 June 2021 and 31 August 2021, respectively. The vested options can be exercised by the option holder and the shares can be allotted by the Board/Committee as specified in the Plan. The plans are as follows:

Program 1: Key management group

Options under this program are granted to certain employees at an exercise price of ₹ 0.14 per option. The entire stock options are completely vested.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	998,775	0.14	1,173,775	0.14
Granted during the year	-	-	-	-
Exercised during the year	425,000	0.14	175,000	0.14
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	**573,775**	**0.14**	**998,775**	**0.14**
Vested at the end of the year	**573,775**	**0.14**	**998,775**	**0.14**
Exercisable at the end of the year	**573,775**	**0.14**	**998,775**	**0.14**

Program 2: Certain identified employees

Options under this program are granted to certain employees at an exercise price of ₹ 135.20 per option. Stock options issued carries different vesting periods, it ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	733,935	135.20	1,188,275	135.20
Granted during the year*	-	-	148,625	135.20
Exercised during the year	348,725	135.20	602,965	135.20
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Surrendered during the year	-	-	-	-
Outstanding at the end of the year	**385,210**	**135.20**	**733,935**	**135.20**
Vested at the end of the year	**385,210**	**135.20**	**733,935**	**135.20**
Exercisable at the end of the year	**385,210**	**135.20**	**733,935**	**135.20**

* The options granted during the year have been vested over the period of one year from the date of grant.

During the year ended 31 March 2023, shares were exercised on 23 May 2022, 28 September 2022 and 28 February 2023. The share price on the date of exercise was ₹ 733.90, ₹ 711.80 and ₹ 728.5 respectively.

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plans		
	Program 1: Key Management Group	Program 2: Certain Identified Employees	Program 2: Certain Identified Employees
Grant date	29-Apr-15	29-Apr-15	1-Apr-21
Fair value at grant date	103.39	55.25	273.21
Share price at grant date	103.48	103.48	396.60
Exercise price	0.14	135.20	135.20
Expected volatility (weighted average volatility)	49.20%	49.20%	31.30%
Method used to determine expected volatility	Expected volatility has been calculated based on volatility of the comparable company stock prices.		
Expected term (in years)	6.50	6.50	2.00
Risk free interest rate	7.90%	7.90%	4.52%

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42 Employee stock options (continued)

(b) Sansera Employee Stock Option Plan 2018

The Company, pursuant to resolution passed by its shareholders dated 8 August 2018 has adopted "Sansera Employee Stock Option Plan 2018" ("the Plan"). Further, the ESOP 2018 has been amended pursuant to resolutions passed by the Board of Directors on 19 April 2021 and 22 August 2021 and Shareholders on 2 June 2021 and 31 August 2021. The aggregate number of options, which may be issued under ESOP 2018, shall be decided by the Nomination and Remuneration Committee and shall not exceed such number of options which represents 2.50% shareholding in the Company on a fully diluted basis as on the date of this plan. The plans are as follows:

Options under this program are granted to certain employees at an exercise price of ₹ 744 per option. Stock options issued carry different vesting periods. It ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	808,327	744.00	-	-
Granted during the year	-	-	808,327	744.00
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	**808,327**	**744.00**	**808,327**	**744.00**
Vested at the end of the year	**202,082**	**744.00**	-	
Exercisable at the end of the year	**202,082**	**744.00**	-	-

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plan
Grant date	22-Sep-21
Fair value at grant date (Average)	200.72
Share price at grant date	744.00
Exercise price	744.00
Expected volatility (weighted average volatility) (Average)	26.68%
Expected term (in years) (Average)	3.50
Method used to determine expected volatility	The expected volatility has been calculated based on historic volatility of Auto Index
Risk free interest rate (Average)	5.02%

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42 Financial instruments

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2023	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	111.66	6.73	-	104.93
Total	**111.66**	**6.73**	**-**	**104.93**
Financial assets measured at amortised cost				
Loans	41.44	-	-	-
Other non-current financial assets	279.03	-	-	-
Trade receivables	4,327.31	-	-	-
Cash and cash equivalents	495.58	-	-	-
Bank balances other than cash and cash equivalents above	120.83	-	-	-
Other current financial assets	188.63	-	-	-
Total	**5,452.82**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Derivative liability	12.35	-	12.35	-
Total	**12.35**	**-**	**12.35**	**-**
Financial liabilities measured at amortised cost				
Non-current borrowings	2,630.25	-	-	-
Current borrowings	4,490.86	-	-	-
Lease liabilities	921.13	-	-	-
Trade payables	2,926.78	-	-	-
Other financial liabilities	176.25	-	-	-
Total	**11,145.27**	**-**	**-**	**-**

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2022	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	110.90	5.97	-	104.93
Derivative contracts at fair value	6.13	-	6.13	-
Total	**117.03**	**5.97**	**6.13**	**104.93**
Financial assets measured at amortised cost				
Loans	40.87			
Other non-current financial assets	287.95	-	-	-
Trade receivables	4,085.64	-	-	-
Cash and cash equivalents	383.44	-	-	-
Bank balances other than cash and cash equivalents above	119.84	-	-	-
Other current financial assets	195.56	-	-	-
Total	**5,113.30**	**-**	**-**	**-**
Financial liabilities measured at amortised cost				
Non-current borrowings	2,335.04	-	-	-
Current borrowings	4,116.40	-	-	-
Lease liabilities	1,013.14	-	-	-
Trade payables	2,652.97	-	-	-
Other financial liabilities	121.83	-	-	-
Total	**10,239.38**	**-**	**-**	**-**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The group has not disclosed the fair value of financial instruments such as other non-current financial assets, trade receivables, cash and cash equivalents, bank balances, other current financial assets, loans, borrowings, other non-current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

The majority of costs and incomes are denominated in local currencies, which is not impacted by currency exchange fluctuations. Some of the contracts with key export customers may not allow for price adjustments in the event of unfavourable currency exchange rate developments. Global footprint exposes the Group to certain currency exchange risks, arising primarily from foreign currency receivables, import of raw materials and capital goods for operations, export of goods and non-Indian rupee denominated borrowings. The Group hedges significant portion of the net foreign exchange exposure through forward contracts and non-Indian rupee denominated loans.

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43 Financial risk management **(Amount in ₹ millions)**

The Group is exposed to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and others, foreign exchange transactions and other financial instruments The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In respect of trade receivables the Group performs credit assessment for customers on an annual basis and recognizes credit risk on the basis of lifetime expected losses.

Movement in expected credit loss allowance on trade receivables: **(Amount in ₹ millions)**

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	32.63	23.61
Movement in the expected credit loss allowance on trade	58.77	9.02
Balance at the end of the year	**91.40**	**32.63**

Security deposits, Other financial assets and Loans:

Expected credit loss for Security deposits, Other financial assets and Loans is as follows.

Particulars	Year ended	Assets of the Group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss: Financial assets for which credit risk has not increased significantly since initial recognition	31 March 2023	Security deposits	267.57	0%	-	267.57
		Other Financial Assets	188.63	0%	-	188.63
		Loans	41.44	0%	-	41.44

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and others with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation .

The following are the remaining contractual maturities of financial liabilities at the reporting date The amounts are gross and undiscounted.

(Amount in ₹ millions)

		As at 31 March 2023			
Particulars	**Carrying amount**	**Total**	**Less than 1 year**	**1-2 years**	**Above 2 years**
Non-current borrowings including current maturities	3,918.87	3,918.87	1,288.62	1,134.59	1,495.66
Current borrowings	3,202.24	3,202.24	3,202.24	-	-
Trade payables	2,926.78	2,926.78	2,926.78	-	-
Other financial liabilities	176.25	176.25	176.25	-	-
Lease liabilities	921.13	921.13	99.81	114.88	706.44

		As at 31 March 2022			
Particulars	**Carrying amount**	**Total**	**Less than 1 year**	**1-2 years**	**Above 2 years**
Non-current borrowings including current maturities	3,430.30	3,430.30	1,095.26	1,031.30	1,303.74
Current borrowings	3,021.14	3,021.14	3,021.14	-	-
Trade payables	2,652.97	2,652.97	2,652.97	-	-
Other financial liabilities	121.83	121.83	121.83	-	-
Lease liabilities	1,013.14	1,013.14	102.51	82.25	828.38

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43 Financial risk management (continued)

(iv) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans, borrowings, receivables and payables. The Group's activities expose it to a variety of financial risks, including effects of changes in foreign currency exchange rates and interest rate movement.

(v) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to Group's long term debt obligations with floating interest rates.

Exposure to interest rate risk
The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows : **(Amount in ₹ millions)**

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed rate instruments:		
Financial liabilities	40.22	304.93
Variable rate instruments:		
Financial liabilities	7,080.89	6,146.51
Total	**7,121.11**	**6,451.44**

Interest rate sensitivity:
Sensitivity analysis for fixed-rate instruments
There is no impact on the profit or loss on account of fixed rate instruments.

Cash flow sensitivity analysis for variable-rate instruments
The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Effect on profit before tax	
		31 March 2023	31 March 2022
Increase of 100 basis points	INR	70.81	61.47
Decrease in 100 basis points	INR	(70.81)	(61.47)

(vi) Foreign currency risk

The Group is exposed to currency risk on certain transactions that are denominated in a currency other than the entity's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign currency (FC) risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments. The information on derivative instruments is as follows.

(Amount in ₹ millions)

Particulars	Currency	As at 31 March 2023		As at 31 March 2022	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Forward contract (to hedge net receivables)	USD	13.15	1,080.54	10.93	828.05
No. of Contracts		20		21	
Forward contract (to hedge net receivables)	EUR	2.06	184.25	4.65	391.20
No. of Contracts		5		10	
Forward contract (to hedge net receivables)	EURUSD	5.50	491.93	-	-
No. of Contracts		11		-	
Forward contract (to hedge borrowing)	USD	2.00	164.34	-	
No. of Contracts		2		-	
Forward contract (to hedge borrowing)	EURUSD	2.50	223.61	-	-
No. of Contracts		4		-	

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities when revenue and expense is denominated in a foreign currency.
(Amount in ₹ millions)

The following table presents foreign currency risk from financial instruments as of:

Particulars	Currency	As at 31 March 2023		As at 31 March 2022	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Trade receivables	USD	9.67	794.58	19.28	1,461.28
	EUR	13.02	1,164.54	11.42	961.79
Other receivables	USD	0.35	28.76	-	-
Cash and cash equivalents	USD	1.17	96.14	0.76	57.60
	EUR	2.70	241.49	0.52	43.79
Trade payables	USD	1.02	83.81	0.36	27.29
	EUR	3.42	305.89	2.66	224.03
	GBP	*	0.03	*	0.32
	CHF	0.01	0.90	0.01	0.82
Borrowings	USD	-	-	9.29	704.11

* GBP 258.32 (31 March 2022 GBP 3,226) not presented above due to rounding off to nearest million.

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43 Financial risk management (continued)

(vi) Foreign currency risk (continued)

Sensitivity analysis (Amount in ₹ millions)

Particulars	Percentage movement	Effect on profit before tax		Effect on equity	
		Strengthening	Weakening	Strengthening	Weakening
31 March 2023					
USD	8%	66.85	(66.85)	50.02	(50.02)
EURO	6%	66.01	(66.01)	49.40	(49.40)
CHF	9%	0.08	(0.08)	0.06	(0.06)
31 March 2022					
USD	4%	31.50	(31.50)	23.57	(23.57)
EURO	2%	15.63	(15.63)	11.70	(11.70)
CHF	6%	0.05	(0.05)		-

44 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed.

The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio and implements capital structure improvement plan when necessary.

The Group uses debt ratio as a capital management index and calculates the ratio as net debt divided by total equity. Net debt and total equity are based on the amounts stated in the financial statements.

(Amount in ₹ millions)

Particulars	As at 31 March 2023	As at 31 March 2022
Gross debt*	8,069.44	7,474.21
Less : Cash and cash equivalent and other bank balances	616.41	503.28
Net debt (A)	**7,453.03**	**6,970.93**
Total equity (B)**	**11,819.68**	**10,353.16**
Debt ratio (A / B)	0.63	0.67

* Gross debt includes non-current borrowings, current borrowings, current maturities of long term debts, lease liabilities and accrued interest.

** Total equity includes Equity share capital, instruments entirely equity in nature and other equity.

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45 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is in the business of manufacture and sale of automobile components, which in the context of Ind AS 108 'Segment Information' represents single reportable business segment. The entire operations are governed by the same set of risk and returns. Accordingly, these operations represent a single segment. The revenues, total expenses and net profit as per the consolidated statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

(i) Geographical information

Geographic segmentation is based on business sourced from specific geographic regions. Other foreign countries comprises all other places except India, Europe and USA.

(Amount in ₹ millions)

(a) Revenue from operations

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
India	17,078.58	12,910.38
Europe	3,941.58	2,832.17
USA	1,575.67	1,774.14
Other foreign countries	787.20	2,373.63
Total	**23,383.03**	**19,890.32**

(b) Non-current assets

Particulars	As at 31 March 2023	As at 31 March 2022
India	13,756.26	12,546.02
Europe	1,250.21	1,281.83
Total	**15,006.47**	**13,827.85**
Reconciling items:		
Income tax assets	85.08	28.30
Other non-current financial assets	392.95	408.60
Total non-current assets	**15,484.50**	**14,264.75**

46 Impairment

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at each entity level, which is represented as separated CGU's.

The carrying value of goodwill, entity wise is as follows: (Amount in ₹ millions)

Entity acquired	As at 31 March 2023	As at 31 March 2022
Fitwel Tools and Forgings Private Limited ('Fitwel')	146.72	146.72
Sansera Sweden AB ('Sansera Sweden')	205.53	211.65
Exchange differences on translation of foreign operations	(5.18)	(6.12)
	200.35	205.53
Total carrying value	**347.07**	**352.25**

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each assumption mentioned below:

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate*	12% - 17%	12% - 17%
Terminal growth rate **	2% - 4%	2% - 4%
Operating margins	7%/14% - 11%/16%	11%/16% - 15%/17%

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The Group does its impairment evaluation on an annual basis and as of 31 March 2023, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Group has performed sensitivity analysis for all key assumptions, including the cash flow projections, consequent to the change in estimated future economic conditions arising from the possible effects due to COVID-19 and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount.

As of 31 March 2023, the estimated recoverable amount of each of the CGU's exceeded its carrying amount by ₹ 490.45 million (Fitwel Tools and Forgings Private Limited) and ₹ 585.25 million (Sansera Sweden AB), hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

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47 Additional Information pursuant to paragraph 2 of division II of Schedule III to Companies Act, 2013 General Instructions for the preparation of consolidated financial statements

(Amount in ₹ millions)

Name of the entity	As at / for the year ended 31 March 2023							
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Sansera Engineering Limited	100.03 %	11,823.26	101.25 %	1,502.00	92.40 %	(18.12)	101 37 %	1,483.88
Subsidiaries								
Sansera Engineering Pvt. Ltd., Mauritius	7.26 %	858.39	0.08 %	1.15	-	-	0.08 %	1.15
Sansera Sweden AB	(0.13)%	(15.26)	(5.57)%	(82.62)	-	-	(5.64)%	(82.62)
Fitwel Tools and Forgings Private Limited	3.96 %	468.62	4.83 %	71.58	8.06 %	(1.58)	4.78 %	70.00
Non-controlling interest	1.19 %	140.34	1.45 %	21.47	2.40 %	(0.47)	1.43 %	21.00
Elimination on account of Consolidation	(12.31)%	(1,455.67)	(2.04)%	(30.16)	(2.86)%	0.56	(2.02)%	(29.60)
Total	**100.00 %**	**11,819.68**	**100.00 %**	**1,483.42**	**100.00 %**	**(19.61)**	**100.00 %**	**1,463.81**

(Amount in ₹ millions)

Name of the entity	As at / for the year ended 31 March 2022							
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Sansera Engineering Limited	99.84 %	10,336.67	97.17 %	1,281.57	(132.21)%	19.29	99.74 %	1,300.86
Subsidiaries								
Sansera Engineering Pvt Ltd , Mauritius	7.80 %	807.12	0.20 %	2.70	-	-	0.21 %	2.70
Sansera Sweden AB	0.68 %	70.15	(1.03)%	(13.56)	-	-	(1.04)%	(13.56)
Fitwel Tools and Forgings Private Limited	3.85 %	398.61	3.63 %	47.90	0.69 %	(0.10)	3.66 %	47.80
Non-controlling interest	1.15 %	119.34	1.09 %	14.37	0.21 %	(0.03)	1.10 %	14.34
Elimination on account of Consolidation	(13.32)%	(1,378.73)	(1.06)%	(14.09)	231.31 %	(33.75)	(3.67)%	(47.84)
Total	**100.00 %**	**10,353.16**	**100.00 %**	**1,318.89**	**100.00 %**	**(14.59)**	**100.00 %**	**1,304.30**

Interest in other entities

Subsidiary companies:

The consolidated financial statements of the Company includes subsidiary companies listed in the table below:

Name of the entity	Country of incorporation	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)
		31 March 2023		31 March 2022	
Sansera Engineering Pvt. Ltd., Mauritius	Mauritius	100%	-	100%	-
Sansera Sweden AB	Sweden	100%	-	100%	-
Fitwel Tools and Forgings Private Limited	India	70%	30%	70%	30%

48 The Group has considered various internal and external sources consisting of feedback from the customers and the market trends, up to the date of approval of the consolidated financial statements in determining the impact, if any, arising from the pandemic on various elements of its consolidated financial statements. The Group has used the principles of prudence in applying judgments, estimates and assumptions and based on its current estimates, the Group expects to recover the carrying value of its financial and non-financial assets, including tangible assets and meet its financial obligations in the normal course of business. The eventual outcome of the possible impact of the pandemic may be different from that estimated as on the date of approval of these consolidated financial statements. The Group will continue to monitor any material changes to future economic conditions and consequential impact on its consolidated financial statements.

49 Additional regulatory information:

a) There are no transactions or balances with Companies which have been removed from the Register of Companies (Struck off Companies), during the year ended/as at 31 March 2023.

b) The Group has not traded/invested in Cryptocurrency/Virtual currency.

c) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

d) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall
  (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

e) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

50 On 29 March 2023, the Company had entered into a definitive agreement for a strategic investment in MMRFIC Technology Private Limited (MMRFIC). As per the terms of the agreement, the Company would make an investment of Rs 200 million in 149,250 Compulsorily Convertible Preference Shares (CCPS) of Rs.100 each with a premium of Rs 1,240 per CCPS; and 17 Equity Shares of Re.1 each with a premium of Rs.599 per Equity Share, for an approximate 21% stake in MMRFIC and has right to invest and increase stake up to 51% at a predefined valuation formula. Subsequent to the year end, the Company has made an investment of Rs.50 million

51 During the year ended 31 March 2023, on account of final dividend for financial year 2021-22, the Company has incurred a net cash outflow of ₹ 105.26 million.

The Board of Directors, in their meeting held on 22 May 2023, recommended a final dividend of ₹ 2.5 per equity share for the financial year ended 31 March 2023. This payment is subject to the approval of shareholders in the AGM of the Company and if approved, would result in a net cash outflow of approximately ₹ 132.36 million.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LIMITED
BANGALORE 560 105.

52 The Board of Directors of the Company have approved these consolidated financial statements of the Company in their meeting held on 22 May 2023

for Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan *Managing Director* DIN: 00361245	**F R Singhvi** *Joint Managing Director* DIN: 00233146
B R Preetham *Chief Executive Officer*	**Vikas Goel** *Chief Financial Officer*
	Rajesh Kumar Modi *Company Secretary*

Place: Bengaluru
Date: 22 May 2023

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LIMITED
BANGALORE
560 105.

Deloitte
Haskins & Sells

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel: +91 80 6188 6000
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INDEPENDENT AUDITOR'S REPORT

To the Members of Sansera Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sansera Engineering Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing prescribed under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Director's Report and Corporate Governance Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and any other information which is expected to form part of the annual report, which is expected to be made available to us after that date.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiaries, is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in which we are the independent auditors. For the entities in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / financial information of two subsidiaries included in the consolidated financial statements whose financial statements / financial information reflect total assets of Rs. 2,391.55 million as at March 31, 2022, total revenues of Rs. 1,666.79 million and net cash outflows amounting to Rs. 105.41 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2022 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of the subsidiary company incorporated in India, none of the directors of the Parent is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

iv. (a) The respective Managements of the Parent and its subsidiary which is a company incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 52(c) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiary which is a company incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 52(d) to the consolidated financial statements, no funds have been received by the Parent or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note 53 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of proposed dividend is in accordance with section 123 of the Act, as applicable.

i) With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent and its subsidiary included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 22047840AJKHCQ6189)

Place: Bengaluru
Date: May 23, 2022

Deloitte Haskins & Sells

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of **Sansera Engineering Limited** (hereinafter referred to as "the Parent") and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which is a company incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and Subsidiary company, which is a company incorporated in India.

Deloitte
Haskins & Sells

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 22047840AJKHCQ6189)

Place: Bengaluru
Date: May 23, 2022

o/c

Sansera Engineering Limited
Consolidated Balance Sheet as at 31 March 2022

(Amount in ₹ millions)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	3.a	11,040.79	10,000.05
Capital work-in-progress	3.b	1,224 25	604.24
Goodwill	3.c	352.25	358.37
Other Intangible assets	3.c	23.96	19.17
Right-of-use assets	3.d	977.27	892.35
Financial assets			
(i) Investments	4	104.93	36 93
(ii) Loans	5	15.72	9.15
(iii) Other financial assets	6	287.95	289.48
Current tax assets (Net)	7.a	28.30	27.14
Other non-current assets	8	209.33	224.70
Total non-current assets		**14,264.75**	**12,461.58**
Current assets			
Inventories	9	2,776.03	2,485.69
Financial assets			
(i) Investments	10	5.97	5.58
(ii) Trade receivables	11	4,085.64	3,129.83
(iii) Cash and cash equivalents	12	383.44	365.00
(iv) Bank balances other than cash and cash equivalents	13	119.84	286.42
(v) Loans	14	25.15	29.26
(vi) Other financial assets	15	201.69	193.55
Other current assets	16	347.18	331.92
Total current assets		**7,944.94**	**6,827.25**
Total Assets		**22,209.69**	**19,288.83**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	17.a	104.31	93.87
Instruments entirely equity in nature	17.b	-	105.00
Other equity	18	10,129.51	8,583.55
Total equity attributable to owners of the Company		10,233.82	8,782.42
Non-controlling interests		119.34	104.99
Total equity		**10,353.16**	**8,887.41**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	2,335.04	1,876.52
(ia) Lease liabilities	3.d	910.63	810.28
Provisions	20	82.23	151.83
Deferred tax liabilities (Net)	21	641.93	617.98
Other non-current liabilities	22	509.82	467.16
Total non-current liabilities		**4,479.65**	**3,923.77**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	4,116.40	3,606.04
(ia) Lease liabilities	3.d	102.51	110.88
(ii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		77.54	86.39
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,575.43	2,184.07
(iii) Other financial liabilities	25	121.83	182.95
Other current liabilities	26	263.54	207.63
Provisions	27	111.14	99.10
Current tax liabilities (Net)	7.b	8.48	0.59
Total current liabilities		**7,376.87**	**6,477.65**
Total Equity and Liabilities		**22,209.69**	**19,288.83**

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No.: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

Place: Bengaluru
Date: 23 May 2022

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 23 May 2022

SANSERA ENGINEERING LIMITED BANGALORE 560105.

Sansera Engineering Limited
Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the year ended 31 March 2022

(Amount in ₹ millions)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	28	19,890.32	15,492.71
Other income	29	154.93	230.93
Total Income		**20,045.25**	**15,723.64**
Expenses			
Cost of materials consumed	30	8,871.08	6,678.31
Changes in inventory of finished goods and work-in-progress	31	(230.08)	(43.71)
Conversion charges		650.14	526.15
Consumption of stores and spares		1,691.54	1,335.80
Power and fuel		913.17	670.65
Employee benefits expense	32	2,773.58	2,137.50
Finance costs	33	510.13	473.93
Depreciation and amortisation expenses	34	1,197.03	1,016.76
Other expenses	35	1,884.98	1,466.80
Total expenses		**18,261.57**	**14,262.19**
Profit before tax		**1,783.68**	**1,461.45**
Tax expense:	39		
Current tax		427.85	303.87
Current tax relating to prior year		7.65	-
Deferred tax		29.29	58.98
Total tax expense		**464.79**	**362.85**
Profit for the year		**1,318.89**	**1,098.60**
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of the net defined benefit liability		25.64	(25.94)
Income tax relating to items that will not be reclassified to profit or loss		(6.45)	6.59
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss		**19.19**	**(19.35)**
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(45.14)	52.92
Income tax relating to items that will be reclassified to profit or loss		11.36	(13.32)
Net other comprehensive income/(loss) to be reclassified subsequently to profit or loss		**(33.78)**	**39.60**
Other comprehensive income/(loss) for the year, net of income tax		**(14.59)**	**20.25**
Total Comprehensive Income for the year		**1,304.30**	**1,118.85**
Profit attributable to :			
Owners of the Company		1,304.52	1,079.86
Non-controlling interests		14.37	18.74
Total profit for the year		**1,318.89**	**1,098.60**
Other comprehensive income/(loss) attributable to:			
Owners of the Company		(14.56)	20.78
Non-controlling interests		(0.03)	(0.53)
Total other comprehensive income/(loss)		**(14.59)**	**20.25**
Total comprehensive income attributable to:			
Owners of the Company		1,289.96	1,100.64
Non-controlling interests		14.34	18.21
Total Comprehensive Income for the year		**1,304.30**	**1,118.85**
Earnings per equity share (face value of ₹ 2 each)			
Basic (in ₹)	36	25.27	21.02
Diluted (in ₹)	36	24.36	20.55

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No.: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 23 May 2022

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 23 May 2022

SANSERA ENGINEERING LIMITED BANGALORE 560 105.

Sansera Engineering Limited
Consolidated Statement of Cash Flows for the year ended 31 March 2022

(Amount in ₹ millions)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from operating activities			
Profit before tax		1,783.68	1,461.45
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses	34	1,197.03	1,016.76
Income from government grants	29	(52.01)	(45.11)
Adjustment for rental concession and derecognition of lease		(4.12)	(2.71)
Interest income	29	(14.42)	(22.42)
Fair value gain on financial instruments at fair value through profit or loss	29	(0.39)	(2.05)
Gain on disposal of property, plant and equipment, net	29	(1.88)	(4.77)
Unrealised foreign exchange (gain)/loss, net		3.86	(49.45)
Employee stock compensation expense	32	79.89	-
Insurance claim receivable written off	35	-	11.26
Finance costs	33	510.13	473.93
Share of profit from investment in Limited Liability Partnership (LLP)	29	(4.17)	-
Operating cash flows before working capital changes		**3,497.60**	**2,836.89**
Working capital adjustments			
Changes in trade receivables		(934.58)	(442.92)
Changes in other financial assets and other assets		(52.46)	41.02
Changes in inventories		(290.34)	(96.51)
Changes in trade payables and financial liabilities		322.30	527.14
Other liabilities and provisions		17.33	25.37
Cash generated from operations		**2,559.85**	**2,890.99**
Income taxes paid, net		(429.20)	(330.64)
Net cash generated from operating activities (A)		**2,130.65**	**2,560.35**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,668.28)	(1,351.21)
Purchase of intangible assets	3.c	(6.81)	-
Proceeds from disposal of property, plant and equipment		4.79	11.52
Receipt of government grant		-	92.67
Investment in Limited Liability Partnership (LLP)	4	(68.00)	-
Interest received	29	14.42	22.42
Share of profit from investment in Limited Liability Partnership (LLP)	29	4.17	-
Movement in fixed deposits, net	13	166.58	(170.06)
Net cash used in investing activities (B)		**(2,553.13)**	**(1,394.66)**
Cash flows from financing activities			
Proceeds/(repayments) of non-current borrowings:			
Proceeds		1,606.01	1,099.93
Repayments		(1,099.93)	(979.92)
Proceeds/(repayments) of current borrowings, net		464.91	(992.26)
Interest paid		(515.43)	(459.00)
Payment of principal portion of lease liabilities	3.d	(71.62)	(60.75)
Proceed from issue of equity share capital		81.52	-
Net cash (used in)/generated from financing activities (C)		**465.46**	**(1,392.00)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**42.98**	**(226.31)**
Cash and cash equivalents at the beginning of the year	12	365.00	600.08
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(24.54)	(8.77)
Cash and cash equivalents at the end of the year (refer below)	12	**383.44**	**365.00**
For the purpose of statement of cash flows, cash and cash equivalents comprise the following:			
Cash on hand		0.84	0.72
Balances with banks - on current accounts		382.60	364.28
Cash and cash equivalents at the end of the year		**383.44**	**365.00**

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No.: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 23 May 2022

for **Sansera Engineering Limited**
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 23 May 2022

SANSERA ENGINEERING LIMITED BANGALORE 560 105.

Sansera Engineering Limited
Consolidated Statement of Changes in Equity as at 31 March 2022

A. Equity share capital

(Amount in ₹ millions)

Equity shares	No. of shares	Amount
Balance as at 01 April 2020	46,936,500	93.87
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 01 April 2020	46,936,500	93.87
Change in Equity Share Capital	-	-
Balance as at 31 March 2021	46,936,500	93.87
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 31 March 2021	46,936,500	93.87
Add: Shares issued on conversion Compulsorily Convertible Preference shares (CCPS)	4,441,350	8.88
Add: Shares issued on exercise of employee stock options	777,965	1.56
Balance as at 31 March 2022	52,155,815	104.31

B. Instruments entirely equity in nature

(Amount in ₹ millions)

Compulsorily Convertible Preference Shares	No. of shares	Amount
Balance as at 01 April 2020	1,050,000	105.00
Changes in Compulsorily Convertible Preference Share due to prior period errors	-	-
Restated balance as at 01 April 2020	1,050,000	105.00
Change in Compulsorily Convertible Preference Share	-	-
Balance as at 31 March 2021	1,050,000	105.00
Changes in Compulsorily Convertible Preference Share due to prior period errors	-	-
Restated balance as at 31 March 2021	1,050,000	105.00
Conversion of Compulsorily Convertible Preference shares (CCPS)	(1,050,000)	(105.00)
Balance as at 31 March 2022	-	-

C. Other equity

(Amount in ₹ millions)

Particulars	Reserves and Surplus						Other Comprehensive Income(OCI)		Attributable to owners of the Company	Non-Controlling Interests	Total Equity
	Capital reserve	Securities premium	Capital redemption reserve	Share options outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit liability			
Balance as at 1 April 2020	8.17	1,216.76	0.55	182.00	135.48	5,926.31	13.64	-	7,482.91	86.78	7,569.69
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2020	8.17	1,116.76	0.55	182.00	135.48	5,926.31	13.64	-	7,482.91	86.78	7,569.69
Profit for the year	-	-	-	-	-	1,079.86	-	-	1,079.86	14.74	1,094.60
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	(18.82)	(18.82)	-	(18.82)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	39.60	-	39.60	-	39.60
Transfer to retained earnings	-	-	-	-	-	(18.82)	-	18.82	-	(0.53)	(0.53)
Balance as at 31 March 2021	8.17	1,216.76	0.55	182.00	135.48	6,987.35	53.24	-	8,583.55	104.99	8,688.54
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 31 March 2021	8.17	1,216.76	0.55	182.00	135.48	6,987.35	53.24	-	8,583.55	104.99	8,688.54
Conversion of Series A and B 0.0001% Compulsorily Convertible Preference Shares of 100 each	-	96.12	-	-	-	-	-	-	96.12	-	96.12
Compensation cost related to employee share based payment	-	-	-	79.89	-	-	-	-	79.89	-	79.89
Transfer to securities premium	-	118.51	-	(38.52)	-	-	-	-	79.99	-	79.99
Profit for the year	-	-	-	-	-	1,304.52	-	-	1,304.52	14.38	1,318.90
Other Comprehensive Income:											
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	19.22	19.22	-	19.22
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(33.78)	-	(33.78)	-	(33.78)
Transfer to retained earnings	-	-	-	-	-	19.22	-	(19.22)	-	(0.03)	(0.03)
Balance as at 31 March 2022	8.17	1,431.39	0.55	223.37	135.48	8,311.09	19.46	-	10,129.51	119.34	10,248.85

In accordance with Notification G.S.R 404(E), dated 06 April 2016, as included in amended Schedule III, the Company has recognised remeasurement of defined benefit plans amounting to ₹ 19.22 million (31 March 2021: (₹ 18.82) million) as a part of retained earnings

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached
for Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No : 008072S

Monisha Parikh
Partner
Membership No. 47840

CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date: 23 May 2022

for Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

B R Preetham
Chief Executive Officer

Place: Bengaluru
Date: 23 May 2022

F R Singhvi
Joint Managing Director
DIN: 00233146

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

SANSERA ENGINEERING LIMITED BANGALORE 560 105

Notes to the consolidated financial statements for the year ended 31 March 2022

Group Overview

Sansera Engineering Limited (erstwhile Sansera Engineering Private Limited) ("the Company") along with its subsidiaries Fitwel Tools and Forgings Private Limited, Sansera Sweden AB and Sansera Engineering Pvt. Ltd. Mauritius (together referred to as "Group") was incorporated on 15 December 1981 under the provisions of the Companies Act, 1956 with its registered office in Bengaluru, Karnataka. The Group is involved in the business of manufacture of auto components such as rocker arms, connecting rods, gear shifters, crank shafts, and aerospace components. It is also involved in providing services such as forging and other related services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in Sweden. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on 23 May 2022.

1. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Principles of consolidation

The consolidated financial statements include the results of the following subsidiaries:

S. No.	Name of the Entity	Country of incorporation	Effective group shareholding %
1	Fitwel Tools and Forgings Private Limited	India	70
2	Sansera Sweden AB	Sweden	100
3	Sansera Engineering Pvt. Ltd., Mauritius	Mauritius	100

c. Basis of consolidation

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

CHARTERED ACCOUNTANTS

SANSERA ENGINEERING LIMITED BANGALORE 560105.

1. **Basis of Preparation (continued)**

In accordance with Appendix C to Ind AS 103 on Business combinations of entities under common control, the Group accounts for these business combinations using the pooling of interest method as per the guidance provided under Appendix C to Ind AS 103. The consolidated financial statements in respect of prior periods are restated as if the combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of the combination. All the assets and liabilities including have been recorded at their existing carrying amounts.

Subsidiary companies

Subsidiary companies are all entities over which the group has control. The group controls an entity when the group 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gain / loss on transactions between group companies are eliminated. The financial statements are prepared by applying uniform policies in use at the Group.

Non- controlling interests (NCI)

NCI in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as on the date of the investment.

d. **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company, and the presentation currency considered for the Group. The functional currency of the subsidiaries operations in Mauritius is Euro and that of its operations in Sweden is Swedish Krona (SEK).

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

HASKINS & CHARTERED ACCOUNTANTS BENGALURU

ENGINEERING LIMITED BANGALORE

1. Basis of preparation (Continued)

e. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Derivative instruments at fair value;
- Net defined benefit (asset)/liability at fair value of plan assets less present value of defined benefit obligations;
- Current investments at fair value through consolidated statement of profit and loss and
- Share based payment transactions at fair value.

f. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in lease classification.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending ended 31 March 2022 is included in the following notes:

- Note 2(a), 2(b), 3(a) and 3(c) - Depreciation and amortisation method and useful lives of items of property, plant and equipment and intangibles assets;
- Note 3(a) and 3(c) – Impairment of property, plant and equipment;
- Note 39 – recognition of deferred tax assets;
- Note 32 and 41– measurement of defined benefit obligations: key actuarial assumptions;
- Note 44 – Impairment of financial assets; and
- Note 48 – Impairment of goodwill.
- Note 15 and 44 – Derivative contracts at fair value;

g. Measurement of fair values

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LIMITED
BANGALORE
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1. Basis of preparation (Continued)

g. Measurement of fair values (Continued)

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). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

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 Group 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 categorized 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Note 42 – Share-based payments arrangements; and
- Note 43 – financial instruments;

2. SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

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.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LIMITED BANGALORE 560105

2. Significant accounting policies (continued)

a. Property, plant and equipment (continued)

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the consolidated statement of profit and loss in the period in which they are incurred.

ii. Depreciation methods, estimated useful lives and residual values

Depreciation is provided on a Straight-Line Method ("SLM") over the useful life of property, plant and equipment as prescribed under Part C of Schedule II of the Companies Act, 2013. In case of second hand assets purchased, the useful life considered is based on the remaining useful life of such asset determined based on technical evaluation and its proposed use. Depreciation for assets purchased/sold during a period is proportionately charged. The useful lives for property, plant and equipment is as follows:

Asset category	Estimated useful life (in years)
Building	30
Plant and machinery	5-25
Furniture and fixtures	10
Vehicles	8
Office equipment	5
Electrical installations	10
Computer (including software)	3-6

Freehold land is not depreciated.

b. Business combination, Goodwill and Intangible assets

Business combinations, other than through common control transactions, are accounted for using the purchase (acquisition) method in accordance with Ind AS 103, Business Combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method. Transaction costs incurred in connection with a business combination are expensed as incurred.

(i) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Any goodwill that arises is tested annually for impairment.

CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LIMITED BANGALORE 560105.

2. Significant accounting policies (continued)

(ii) Customer relationships:

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life for customer relationship is expected to be 7 years. The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

(iii) Other Intangibles:

Intangible assets purchased are measured at cost less accumulated amortisation and accumulated impairment, if any. Intangible assets are amortised in the statement of profit and loss over their estimated useful life of 3 years on a straight-line basis.

c. Inventories

i. Inventories are measured at the lower of cost and net realisable value (NRV). Cost comprises purchase price and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Raw material, stores and spares	:	on weighted average basis
Work in progress	:	includes cost of conversion
Finished goods	:	includes cost of conversion

ii. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The comparison of cost and NRV is made on an item-by-item basis. Spare parts that meet the definition of asset are capitalised at their respective carrying amounts. The NRV of work-in-progress is determined with reference to NRV of related finished goods.

iii. Raw materials and other supplies held for use in production of inventories 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 NRV.

iv. Provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

d. Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligation in contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

SANSERA ENGINEERING LIMITED BANGALORE 560105.

2. Significant accounting policies (continued)

Revenue is recognised upon transfer of control of goods or services to buyer in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services.

Sale of products is adjusted net of Goods and Service tax, returns, trade discounts, and volume rebates.

Service income is recognized when the related services are rendered unless significant future contingencies exist.

Export incentives are recognised in the statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of export made.

Dividend income is recognised in consolidated statement of profit and loss on the date on which the right to receive payment is established.

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

e. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

f. Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

SANSERA ENGINEERING LIMITED
BANGALORE
560 105.

2. Significant accounting policies (continued)

f. Government Grants (continued)

Government grants relating to an expense item are recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the consolidated statement of profit and loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

g. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non- lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

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2. Significant accounting policies (continued)

g. Leases (Continued)

The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and a charge or credit to the consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

Lease payments associated with following leases are recognised as expense on straight-line basis:

(i) Low value leases; and
(ii) Leases which are short-term.

h. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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2. Significant accounting policies (continued)

h. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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 at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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 at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss (FVTPL). This include all derivative assets and current investments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense and are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derivative Instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative instruments are recorded at fair value on every reporting date with changes being accounted in consolidated statement of profit and loss.

iii. Derecognition

Financial assets

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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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3. Significant accounting policies (continued)

h. Financial instruments (continued)

Financial liabilities

The Group derecognises 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 consolidated statement profit and loss.

i. Impairment

i. Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised 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 assets have occurred.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

ii. Impairment of non - financial assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's non-financial assets, other than inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

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2. Significant accounting policies (continued)

ii. Impairment of non - financial assets (continued)

An impairment loss in respect of goodwill is not subsequently reversed. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

j. Employee benefits

i. Defined benefit plan

Gratuity

The Group's gratuity plan is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the balance sheet date.

Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

ii. Defined contribution plan

Provident fund

Provident fund is a post-employment benefit plan under which t makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the consolidated statement of profit and loss during the period in which the related services are rendered by the employees.

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2. Significant accounting policies (Continued)

iii. Share-based payment transactions

Employees of the Group receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the consolidated statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally become entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

k. Taxes

Current income tax

Current income 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 income 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 at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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2. Significant accounting policies (continued)

l. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to the owners of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year for the year attributable to the owners of the Group by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

m. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item 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.

n. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows to their present value and 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.

Provisions for onerous contracts, i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

o. Segment reporting

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Directors of the Group has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources based on single segment approach and accordingly, information has been presented.

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2. Significant accounting policies (continued)

p. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below:

a) Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

b) Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

c) Ind AS 37 – Onerous Contracts - Costs of fulfilling a contract.

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the Group does not expect the amendment to have any significant impact in its financial statements.

d) Ind AS 109 – Annual improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

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Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

3.a Property, Plant and Equipment

(Amount in ₹ millions)

Particulars	Owned Property, plant and equipment										
	Land # (1)	Buildings (2)	Plant and machinery * (3)	Furniture and fixtures (4)	Vehicles (5)	Office equipment (6)	Electrical installations* (7)	Computers (8)	Leasehold improvements (9)	Leasehold land ##	Total
Gross Carrying Amount											
Balance as at 1 April 2020	342.65	1,212.42	9,406.28	50.57	125.43	43.99	494.10	111.62	203.32	2.01	11,992.39
Reclassified to Intangible Assets	-	-	-	-	-	-	-	0.70	-	-	0.70
Additions	123.61	30.93	1,269.00	0.80	4.63	8.03	33.04	9.44	4.81	-	1,484.29
Disposals	-	-	(18.81)	-	(3.36)	(0.10)	-	(17.60)	-	-	(39.87)
Effect of foreign exchange differences	-	-	28.35	0.17	-	1.02	-	1.87	19.30	-	50.71
Balance as at 31 March 2021	466.26	1,243.35	10,684.82	51.54	126.70	52.94	527.14	106.03	227.43	2.01	13,488.22
Reclassified to Intangible Assets	-	-	-	-	-	-	-	(33.05)	-	-	(33 05)
Additions	30.63	101.90	1,921.44	1.64	44.49	3.69	26.67	26.44	-	-	2,156.90
Disposals	-	-	(11.18)	-	(5.71)	-	(0.56)	(0.21)	-	-	(17.66)
Effect of foreign exchange differences	-	0.01	(17.35)	(1.59)	2.83	(0.44)	-	(0.39)	(6.51)	-	(23.44)
Balance as at 31 March 2022	496.89	1,345.26	12,577.73	51.59	168.31	56.19	553.25	98.82	220.92	2.01	15,570.97
Accumulated Depreciation											
Balance as at 1 April 2020	-	131.57	2,096.72	25.14	49.46	22.92	165.47	63.50	16.30	-	2,571.08
Reclassified to Intangible Assets	-	-	-	-	-	-	-	(1.20)	-	-	(1.20)
Charge for the year	-	45.79	768.04	6.09	17.74	5.57	47.11	15.55	24.47	-	930.36
Disposals	-	-	(12.14)	-	(3.36)	(0.02)	-	(17.60)	-	-	(33.12)
Effect of foreign exchange differences	-	-	18.60	0.22	-	0.26	-	0.09	1.88	-	21.05
Balance as at 31 March 2021	-	177.36	2,871.22	31.45	63.84	28.73	212.58	60.34	42.65	-	3,488.17
Reclassified to Intangible Assets	-	-	-	-	-	-	-	(22.84)	-	-	(22.84)
Charge for the year	-	47.70	910.61	4.48	19.53	9.33	53.85	32.38	13.40	-	1,091.28
Disposals	-	-	(2.33)	-	(4.60)	-	(0.32)	(0.16)	-	-	(7.41)
Effect of foreign exchange differences	-	-	(13.84)	(5.98)	2.78	0.30	(0.01)	(0.60)	(1.67)	-	(19.02)
Balance as at 31 March 2022	-	225.06	3,765.66	29.95	81.55	38.36	266.10	69.12	54.38	-	4,530.18
Carrying Amount (Net)											
Balance as at 31 March 2022	496.89	1,120.20	8,812.07	21.64	86.76	17.83	287.15	29.70	166.54	2.01	11,040.79
Balance as at 31 March 2021	466.26	1,065.99	7,813.60	20.09	62.86	24.21	314.56	45.69	184.78	2.01	10,000.05

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Notes:

\# (a) It includes land of 60,786.60 square meter allocated by Karnataka Industrial Area Development (KIADB) at Plot no. 48, 2nd Phase, Sector - 2, Bidadi Industrial Area for a period of 10 years w.e.f. 8 August 2014 and 870.75 square meter allocated by Karnataka Small State Industrial Development Corporation (KSSIDC) at Industrial Estate, Antharasanahalli, Tumkur for a period of 6 years w.e.f. 29 September 2012, to the Group on a lease cum sale basis.

(b) Karnataka Industrial Area Development Board (KIADB) has allotted land measuring 2,025 square meter at Plot no. 143-B-8 Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099, Karnataka on a lease cum sale basis for a period of 11 years w.e.f. 31 December 1999 and 1,058 square meter at Plot no. 143-B-8-Part Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099, Karnataka on a lease cum sale basis for a period of 11 years w.e.f. 29 May 2001 with specified terms and conditions to be complied with by each party. KIADB has alleged / contended that as per the terms and conditions of Clause 2(r)(ii) of the Lease Cum Sale Agreement dated 17.01.2000, the original allottee should hold minim 51% shares in the Company till the execution of the sale deed and in view of there being a violation of the said clause by Sansera Engineering Limited (Sansera), they have issued a demand notice No. KIADB / HO / Allot / Secy – 3/ 12680 / 6102 / 19-20 dated 29.07 2019 calling upon Sansera to remit an additional sum of₹ 5,383,798. Challenging the said demand, Sansera has filed Writ Petition seeking quashing of the said demand and also directions to execute the sale deed.

\## Karnataka Small State Industrial Development Corporation (KSSIDC) has allotted land of 4,257 square meter at Unit No. 5, KHT Complex, Antarasanahalli, Tumkur, Karnataka on a lease cum sale basis for a period of 4 years w.e.f. 8 January 1987, with specified terms and conditions to be complied with by each party. Subsequently, KSSIDC failed to comply with the terms of the agreement, hence the Group retained possession of the land. Pursuant to the communications with the KSSIDC, the Group has paid an amount of ₹ 2.01 million as consideration for the land, which has been capitalised. As at the balance sheet date, negotiations are in progress and the Group awaits the final approval of KSSIDC with respect to the registration of the land in the name of the Group.

Refer note 19 for details of charge over the Groups's property, plant and equipment for the borrowings taken by the Group.

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Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

3.a.(i) Title deeds of Immovable Property not held in the name of the Company:

Details of all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company.

(Amount in ₹ millions)

As at 31 March 2022

Relevant line item in the Balance sheet	Description of item of property	Parties to the Agreement	Gross carrying value	Title deeds held in the name of	If held jointly (Name and Company's Share)	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company (to also indicate if in dispute)
Property, plant and equipment	Plot No. 143-B-8, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	Karnataka Industrial Area Development Board	0.62	The title deeds are in the name of Gearock Forge Private Limited, an erstwhile subsidiary company that was merged with the Company during the year 2017-18 under Section 233 of the Companies Act, 2013 as per the order received from Ministry of Corporate Affairs.	Not Applicable	Not Applicable	From 1 April 2017, effective date as per the approved scheme.	Not transferred in the name of the Company due to the matter as mentioned in note 3.a above.
	Plot No 143-B-8-PART, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	Karnataka Industrial Area Development Board	0.66		Not Applicable	Not Applicable		
	Site No. A1, Khata No. 344, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	H. Muniyappa	0.24		Not Applicable	Not Applicable		The Company is unable to transfer these lands because of ongoing dispute as mentioned in the above note.
	Plot No. 143-C-2, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	BVR Industries	3.08		Not Applicable	Not Applicable		
	Plot No. 143-C-2-Part, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	BVR Industries	3.57		Not Applicable	Not Applicable		

As at 31 March 2021

Relevant line item in the Balance sheet	Description of item of property	Parties to the Agreement	Gross carrying value	Title deeds held in the name of	If held jointly (Name and Company's Share)	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company (to also indicate if in dispute)
Property, plant and equipment	Plot No. 143-B-8, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099	Karnataka Industrial Area Development Board	0.62	The title deeds are in the name of Gearock Forge Private Limited, an erstwhile subsidiary company that was merged with the Company during the year 2017-18 under Section 233 of the Companies Act, 2013 as per the order received from Ministry of Corporate Affairs.	Not Applicable	Not Applicable	From 1 April 2017, effective date as per the approved scheme.	Not transferred in the name of the Company due to the matter as mentioned in note 3.a above.
	Plot No. 143-B-8-PART, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	Karnataka Industrial Area Development Board	0.66		Not Applicable	Not Applicable		
	Site No. A1, Khata No. 344, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099	H. Muniyappa	0.24		Not Applicable	Not Applicable		The Company is unable to transfer these lands because of ongoing dispute as mentioned in the above note.
	Plot No 143-C-2, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099.	BVR Industries	3.08		Not Applicable	Not Applicable		
	Plot No 143-C-2-Part, Bommasandra Industrial Area, Hebbagodi Village, Attibele Hobli, Anekal Taluk, Bengaluru 560099	BVR Industries	3.57		Not Applicable	Not Applicable		

3.a.(ii) There are no proceedings which have been initiated during the year or pending against the Group as at 31 March 2022 for holding any benami property under Benami Transactions (Prohibition) Act, 1988.

3.b Capital-work-in progress (CWIP) aging schedule

(Amount in ₹ millions)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in-progress					
As at 31 March 2022	1,119.28	90.05	3.78	11.14	1,224.25
As at 31 March 2021	478.82	108.86	9.54	7.02	604.24

The Company has a dedicated facility in Bengaluru for machine building and machine design with special purpose machines being manufactured in-house. Special purpose machines are customised machines deployed to automate industrial processes to ensure high productivity. Machinery component required for machine building process are included in capital work-in-progress.

There are no projects which are under suspension. With regard to the ongoing projects there are no projects where completion is overdue or has exceeded the cost as compared to its original plan, considering amendments as may be approved. The Projects in-progress for more than 3 years represent components which would be commonly used across various special purpose machines being manufactured in-hou

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3.c Intangible Assets (Amount in ₹ millions)

Particulars	Owned intangible assets		Total
	Customer relationship	Computer Software	
Gross Carrying Amount			
Balance as at 1 April 2020	**32.49**	**15.38**	**47.87**
Reclassified from Computers	-	(0.70)	(0.70)
Additions	-	-	-
Disposals	-	-	-
Effect of foreign exchange differences	5.13	-	5.13
Balance as at 31 March 2021	**37.62**	**14.68**	**52.30**
Reclassified from Computers	-	33.05	33.05
Additions	-	6.81	6.81
Disposals	-	-	-
Effect of foreign exchange differences	(1.09)	-	(1.09)
Balance as at 31 March 2022	**36.53**	**54.54**	**91.07**
Accumulated Amortisation			
Balance as at 1 April 2020	**13.92**	**8.23**	**22.15**
Reclassified from Computers	-	1.20	1.20
Amortisation for the year	4.64	2.20	6.84
Disposals	-	-	-
Effect of foreign exchange differences	2.94	-	2.94
Balance as at 31 March 2021	**21.50**	**11.63**	**33.13**
Reclassified from Computers	-	22.79	22.79
Amortisation for the year	4.64	6.59	11.23
Disposals	-	-	-
Effect of foreign exchange differences	(0.04)	-	(0.04)
Balance as at 31 March 2022	**26.10**	**41.01**	**67.11**
Carrying Amount (Net)			
Balance as at 31 March 2022	**10.43**	**13.53**	**23.96**
Balance as at 31 March 2021	**16.12**	**3.05**	**19.17**

Note: Software have been reclassified from the opening carry forward balance of computer and included as intangible assets.

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3.d Right-of-use assets and lease liabilities

(Amount in ₹ millions)

i) Following are the changes in the carrying value of right-of-use assets for the year ended 31 March 2022:

Particulars	Leasehold land	Lease buildings	Total
Balance as at 1 April 2020	**36.22**	**836.75**	**872.97**
Additions	-	15.31	15.31
Deletion	-	-	-
Depreciation	(0.46)	(79.10)	(79.56)
Effect of foreign exchange differences	-	83.63	83.63
Balance as at 31 March 2021	**35.76**	**856.59**	**892.35**
Additions	133.24	72.15	205.39
Deletion	-	(6.65)	(6.65)
Depreciation	(6.96)	(87.56)	(94.52)
Effect of foreign exchange differences	-	(19.30)	(19.30)
Balance as at 31 March 2022	**162.04**	**815.23**	**977.27**

ii) The following is the movement in lease liabilities during the year ended 31 March 2022:

Particulars	Leasehold land	Lease buildings	Total
Balance as at 1 April 2020	**1.72**	**883.81**	**885.53**
Additions	-	15.31	15.31
Finance cost accrued during the year	0.14	41.66	41.80
Rental concession*	-	(2.71)	(2.71)
Deletions	-	-	-
Payments	(0.14)	(102.41)	(102.55)
Effect of foreign exchange differences	-	83.78	83.78
Balance as at 31 March 2021	**1.72**	**919.44**	**921.16**
Additions	133.24	61.05	194.29
Finance cost accrued during the year	10.39	39.21	49.60
Rental concession*	-	(0.44)	(0.44)
Deletions	-	(10.33)	(10.33)
Payments	(6.00)	(115.22)	(121.22)
Effect of foreign exchange differences	-	(19.92)	(19.92)
Balance as at 31 March 2022	**139.35**	**873.79**	**1,013.14**

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at 31 March 2022	As at 31 March 2021
Current lease liabilities	102.51	110.88
Non-current lease liabilities	910.63	810.28
Total	**1,013.14**	**921.16**

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Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

3.d Right-of-use assets and lease liabilities (continued)

(Amount in ₹ millions)

iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2022	As at 31 March 2021
Less than one year	125.06	110.88
One to five years	414.57	369.25
More than five years	835.26	701.54
Total lease liabilities	**1,374.89**	**1,181.67**
Less: Implicit interest	361.75	260.51
Lease liabilities included in the Balance sheet	**1,013.14**	**921.16**

v) Amount recognised in the statement of profit and loss:

Particulars	As at 31 March 2022	As at 31 March 2021
Depreciation on Right-of-use assets	94.52	79.56
Interest on lease liabilities	49.60	41.80
Low value lease rentals	10.41	3.08
(included with rent, classified under other expenses)		

vi) Amount recognised in the statement of cash flows:

Particulars	As at 31 March 2022	As at 31 March 2021
Cash outflows for leases		
Interest portion of lease liabilities	49.60	41.80
Principal portion of lease liabilities	71.62	60.75
Total	**121.22**	**102.55**

*The Group has applied the practical expedient to all eligible rent concessions and subsequently for the year ended 31 March 2022 an amount of ₹ 0.44 million (31 March 2021: ₹ 2.71 million) has been recognised in the statement of profit and loss.

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(Amount in ₹ millions)

3.c **Goodwill**

Particulars	As at 31 March 2022	As at 31 March 2021
Carrying amount at the beginning of the year	358.37	323.64
Effect of foreign exchange differences	(6.12)	34.73
Total	352.25	358.37

Note: For details of impairment tests for goodwill refer note 48

4 **Investments (Non-current)**

Particulars	As at 31 March 2022	As at 31 March 2021
Unquoted (Measured at fair value through other comprehensive income)		
Partner contribution		
Clean Max Vega Power LLP *	104.93	36.93
26% (31 March 2021: 26%)		
Total	104.93	36.93

Name of the Partners	As at 31 March 2022		As at 31 March 2021	
	Monetary Value of Contribution	Contribution Ratio	Monetary Value of Contribution	Contribution Ratio
Clean Max Enviro Energy Solutions Private Limited	265.98	65.90%	72.45	51.00%
CleanMax Renewable Trust	32.67	8.10%	32.67	23.00%
Sansera Engineering Limited	104.93	26.00%	36.93	26.00%
Kuldeep Jain #	-	0.00%	-	0.00%
Total Capital	403.58	100.00%	142.05	100.00%

* On 3 May 2019, the Company had entered into Group Captive Power Project agreement with Clean Max Vega Power LLP ("LLP") and Clean Max Enviro Energy Solutions Private Limited towards generation and supply of renewable energy for private consumers of electricity. The agreement is for a period of 25 years wherein the Company has committed to purchase atleast 51% of the total power produced by the power producer. Further, on 3 March 2022, the Company entered into a supplementary agreement for expanding the project and installing an additional capacity of wind power and solar power capacity and accordingly, there was an additional investment of ₹ 68 million made by the Company during the year ended 31 March 2022.

₹ 10 (31 March 2021: ₹ 10) not presented above due to rounding off to nearest ₹ in million

Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	104.93	36.93
Aggregate amount of impairment in investments	-	-

5 **Loans (Non-current)**

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Loans to Director of subsidiary Company	2.70	9.15
Loans to employees	13.02	-
Total	15.72	9.15

Loans to employees, previously disclosed under Other financial assets (Refer note 6) have been classified under Loans, consequent to the amendment to Schedule III of the Companies Act, 2013

6 **Other financial assets (Non-current)**

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits		
Unsecured, considered good	282.27	284.54
Doubtful	-	-
Bank deposits with more than 12 months maturity *	5.68	4.94
Total	287.95	289.48

*Includes certain deposits pledged against bank guarantees and letter of credits provided by the bank.

Security deposits, previously disclosed under Loans (Refer note 5) have been classified under Other Financial Assets, consequent to the amendment to Schedule III of the Companies Act, 2013

7.a **Current tax assets (Net)**

Particulars	As at 31 March 2022	As at 31 March 2021
Advance tax including tax deducted at source, net of provision for tax	28.30	27.14
Total	28.30	27.14

7.b **Current tax liabilities (Net)**

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for tax, net of advance tax including tax deducted at source	8.48	0.59
Total	8.48	0.59

8 **Other non-current assets**

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	205.50	220.38
Prepayments	-	0.49
Duty paid under protest	3.83	3.83
Total	209.33	224.70

9 **Inventories** *(valued at lower of cost and net realisable value)*

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials*	993.68	838.03
Work-in-progress	1,055.89	897.45
Finished goods **	466.79	395.15
Stores and spares	259.67	355.06
Total	2,776.03	2,485.69

* Includes stock of assembled components.
** Includes stock in transit of ₹ 162.80 million (31 March 2021: ₹ 83.87 million).

The mode of valuation of inventories has been stated in note 2.c

10 **Current investments**

Particulars	As at 31 March 2022	As at 31 March 2021
Quoted equity shares		
Equity shares at fair value through statement of profit and loss		
800 (31 March 2021: 800) equity shares of ₹10 each fully paid up of Maruti Suzuki India Ltd	5.97	5.58
	5.97	5.58
Aggregate amount of quoted investments	5.97	5.58
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in investments	-	-

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11 **Trade receivables**

Particulars	As at 31 March 2022	As at 31 March 2021
Considered good - Secured	-	-
Considered good - Unsecured	4,118.27	3,153.44
That have an increase in Credit Risk that is significant	-	-
Credit Impaired	-	-
Total	**4,118.27**	**3,153.44**
Less: Allowance for credit losses	(32.63)	(23.61)
Trade receivables	4,085.64	3,129.83

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 44

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rebates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	*Expected Credit loss (%)*
within the credit period	0.00%
1-90 days past due	0.01% to 0.84%
91-180 days past due	1.31% to 2.00%
181-270 days past due	9.81% to 25.93%
271-360 days past due	32.45% to 42.66%
More than 360 days past due	100.00%

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022							
(i) Undisputed Trade receivables - considered good	2,773.56	1,241.09	83.46	12.42	5.74	2.00	4,118.27
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	**2,773.56**	**1,241.09**	**83.46**	**12.42**	**5.74**	**2.00**	**4,118.27**
As at 31 March 2021							
(i) Undisputed Trade receivables - considered good	2,329.32	799.22	14.86	2.80	5.94	1.30	3,153.44
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	**2,329.32**	**799.22**	**14.86**	**2.80**	**5.94**	**1.30**	**3,153.44**

12 **Cash and cash equivalents**

Particulars	As at 31 March 2022	As at 31 March 2021
Balance with banks		
in current accounts	382.60	364.28
Cash on hand	0.84	0.72
Total	**383.44**	**365.00**

13 **Bank balances other than cash and cash equivalents**

Particulars	As at 31 March 2022	As at 31 March 2021
Bank deposits within 12 months maturity *	119.84	286.42
Total	**119.84**	**286.42**

*Includes certain deposits amounting to ₹ 45.21 millions as at 31 March 2022 (31 March 2021: ₹ 19.92 million) pledged against bank guarantees and letter of credits provided by the bank

14 **Loans (Current)**

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Loans to Key Managerial Personnel (Refer note 40)	3.88	3.88
Loans to employees	21.27	25.38
Total	**25.15**	**29.26**

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Key Managerial Personnel	3.88	9.49%

15 **Other current financial assets**

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Amounts recoverable from shareholders (IPO related) (Refer note 40)	3.47	94.21
Unbilled revenue*	172.70	50.31
Derivative contracts at fair value	6.13	38.54
Others	19.39	10.49
Total	**201.69**	**193.55**

* Unbilled revenue represents revenue recognised in excess of invoicing towards price increases, where there is an unconditional right to receive cash, and only act of invoicing is pending

16 **Other current assets**

Particulars	As at 31 March 2022	As at 31 March 2021
Duty drawback receivables	45.99	71.61
Advance to suppliers	89.72	68.79
Balances with government authorities	145.03	172.63
Prepayments	66.44	18.89
Total	347.18	331.92

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(Amount in ₹ millions except no. of shares)

17.a Equity share capital

(i)

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
Equity shares		
62,500,000 (31 March 2021: 62,500,000) equity shares of ₹ 2 each (31 March 2021: ₹ 2 each)	125.00	125.00
Total	125.00	125.00
Issued, subscribed and paid up share capital		
Equity shares		
52,155,815 (31 March 2021: 46,936,500) equity shares of ₹2 each (31 March 2021: ₹ 2 each)	104.31	93.87
Total	104.31	93.87

(ii) **Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2022 No. of shares	Amount	As at 31 March 2021 No. of shares	Amount
Equity shares				
Number of shares outstanding at the beginning of the year	46,936,500	93.87	46,936,500	93.87
Add: Shares issued on conversion of Compulsorily Convertible Preference shares (CCPS)	4,441,350	8.88	-	-
Add: Shares issued on exercise of employee stock options	777,965	1.56	-	-
Number of shares outstanding at the end of the year	52,155,815	104.31	46,936,500	93.87

(iii) **Rights, preferences and restrictions attached to equity shares:**

The Company has a single class of equity shares. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the Shareholders' meeting. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders or in line with the terms of the shareholders agreement as the case may be

(iv) **Shares held by holding / ultimate holding company and / or their subsidiaries / associates:**

Name of the shareholder	As at 31 March 2022 No. of shares	Amount	As at 31 March 2021 No. of shares	Amount
Equity shares				
Client Ebene Limited	9,554,842	19.11	15,343,900	30.69
CVCIGPII Employee Ebene Limited	5,351,702	10.70	8,593,425	17.19
Total	14,906,544	29.81	23,937,325	47.88

(v) **List of persons holding more than 5 percent shares in equity shares of the Company**

Name of the shareholder	As at 31 March 2022 No. of shares	% holding	As at 31 March 2021 No. of shares	% holding
Client Ebene Limited	9,554,842	18.32%	15,343,900	32.69%
CVCIGPII Employee Ebene Limited	5,351,702	10.26%	8,593,425	18.31%
S Sekhar Vasan	10,249,531	19.65%	12,307,600	26.22%
Unni Rajagopal K	2,845,549	5.46%	3,416,925	7.28%
F R Singhvi *	2,795,549	5.36%	3,416,925	7.28%
D Devaraj	2,176,374	4.17%	2,747,750	5.85%

* Pursuant to the provisions of a memorandum of understanding executed between F R Singhvi and the Singhvi Family Shareholders, dated 15 May 2013, F R Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by the Singhvi Family Shareholders

(vi) As at 31 March 2022, the Company has reserved 2,541,037 shares (31 March 2021: 2,362,050 shares) for issuance towards outstanding employee stock option available for exercise. Refer note 42.

(vii) (a) There have been no shares allotted as fully paid up pursuant to contract without payment being received in cash during five years immediately preceding 31 March 2022, except with effect from 27 Jul 2018, on approval of shareholders, one equity share of ₹ 100 each was sub-divided into 50 equity shares of ₹ 2 each resulting into 3,237,000 number of shares. Subsequently, the Company had issued 43,699,500 bonus shares in the proportion of 27:2

(b) There are no shares bought back during 5 years immediately preceding 31 March 2022.

(viii) **Shareholding of Promoters in equity shares of the Company**

Promoter name	Shares held by promoters at the end of the year No. of Shares	% of total shares	% Change during the year
S Sekhar Vasan	10,249,531	19.65%	(16.72%)
Unni Rajagopal K	2,845,549	5.46%	(16.72%)
D Devaraj	2,176,374	4.17%	(20.79%)
F R Singhvi *	2,795,549	5.36%	(18.19%)
D Devaraj - HUF	669,175	1.28%	0.00%
P Singhvi charitable trust	50,000	0.10%	100.00%
Total	18,786,178	36.02%	

* Pursuant to the provisions of a memorandum of understanding executed between F R Singhvi and the Singhvi Family Shareholders, dated 15 May 2013, F R Singhvi is acting in trust in relation to 1,658,624 Equity Shares held by the Singhvi Family Shareholders

The promoters of the Company are S Sekhar Vasan, F R Singhvi, Unni Rajagopal K and D Devaraj. Promoters' contribution and lock-in: Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of the 20% of the fully diluted post-Offer Equity Share capital of the Company held by Promoters shall be locked in for a period of three years as minimum Promoters' contribution ("Minimum Promoters' Contribution") from the date of Allotment on 21 September 2021 and the shareholding of the Promoters 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 on 21 September 2021

Share capital locked-in for one year: In terms of the Regulation 17 of the SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of the Minimum Promoters' Contribution, the entire pre-Offer Equity Share capital of the Company will be locked-in for a period of one year from the date of Allotment except the Equity Shares held by Client Ebene Limited and CVCIGP II Employee Ebene Limited who are SEBI registered FVCIs; and Equity Shares held by the employees of the Company (whether currently an employee or not) which have been or will be allotted to them under ESOP 2015 and ESOP 2018 schemes

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(Amount in ₹ millions)

17.b **Instruments entirely equity in nature**

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised		
Preference shares		
Series A 300,000 (31 March 2021: 300,000), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	30.00	30.00
Series B 750,000 (31 March 2021: 750,000), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	75.00	75.00
Total	105.00	105.00
Issued, subscribed and paid up		
Preference shares		
Series A nil (31 March 2021: 300,000), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	-	30.00
Series B nil (31 March 2021: 750,000), 0.0001% Compulsorily Convertible Preference Shares of ₹ 100 each	-	75.00
Total	-	105.00

17.b **Instruments entirely equity in nature (continued)**

i. Reconciliation of the number of preference shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No of shares	Amount	No of shares	Amount
Series A Compulsorily Convertible Preference shares (CCPS)				
Number of shares outstanding at the beginning of the year	300,000	30.00	300,000	30.00
Add: Issued/(Converted) during the year	(300,000)	(30.00)	-	-
Number of shares outstanding at the end of the year	-	-	300,000	30.00
Series B Compulsorily Convertible Preference shares (CCPS)				
Number of shares outstanding at the beginning of the year	750,000	75.00	750,000	75.00
Add: Issued/(Converted) during the year	(750,000)	(75.00)	-	-
Number of shares outstanding at the end of the year	-	-	750,000	75.00

ii. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

Name of the shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Series A Compulsorily Convertible Preference shares (CCPS)				
Client Ebene Limited	-	-	192,300	19.23
CVCIGPII Employee Ebene Limited	-	-	107,700	10.77
Total	-	-	300,000	30.00
Series B Compulsorily Convertible Preference shares (CCPS)				
Client Ebene Limited	-	-	480,750	48.08
CVCIGPII Employee Ebene Limited	-	-	269,250	26.92
Total	-	-	750,000	75.00

iii. Rights, preferences and restrictions attached to preference shares (upto the date of conversion):

Compulsorily Convertible Preference Shares (CCPS) - [Series A and Series B]

Dividend rights

In accordance with the share subscription agreement dividend shall be equal to 0.0001 % per annum of the face value of the CCPS [Series A and Series B]. In any given financial year, the Group may not declare any dividend or other distribution to its holders of equity shares unless it has first declared the preferential dividend for such financial year to the holders of the CCPS [Series A and Series B]. The dividends are non-cumulative

Conversion of preference shares

CCPS [Series A and Series B] is convertible, on the expiry of 20 (twenty) years from the completion date respectively (7 July 2033) and into a fixed share entitlement ratio as defined in the share subscription agreement (SSA) or earlier of events as defined in SSA. The equity shares issued to the holders of the CCPS [Series A and Series B] pursuant to conversion shall be free of all encumbrances and shall (i) be fully-paid up, (ii) be transferable to any person in accordance with the terms of the agreement, (iii) carry full voting rights, and (iv) rank pari-passu in every respect with other ordinary fully paid up equity shares. The Company in its meeting of the Board of Directors held on 03 September 2021, converted 300,000 Series A Compulsorily Convertible Preference Shares and 750,000 Series B Compulsorily Convertible Preference Shares into 4,439,900 and 1,450 equity shares respectively for ₹ 2 per equity share.

18 Other equity

Summary of other equity balances*

Particulars	As at 31 March 2022	As at 31 March 2021
Reserves and surplus		
Capital redemption reserve	0.55	0.55
Capital reserve	8.17	8.17
Securities premium	1,431.39	1,216.76
General reserve	135.48	135.48
Retained earnings	8,311.09	6,987.35
Share options outstanding account	223.37	182.00
Exchange differences on translation of foreign operations (Net of tax)	19.46	53.24
Total	10,129.51	8,583.55

* Refer consolidated statement of changes in equity for detailed movement in above other equity balances

Nature and purpose of other equity:

Capital redemption reserve

The capital redemption reserve is created out of undistributed profits for purchase of its own shares

Capital reserve

Capital reserve of ₹ 3.52 million refers to the subsidy received from the Government of Karnataka, Department of Industries and Commerce. This subsidy was received as the Group was a small scale industry in that particular year. Balance pertains to share of pre-acquisition profits of a subsidiary at the time of acquisition by the Group accounted as capital reserve.

Securities premium

Securities premium comprises of premium on issue of shares. The reserve is utilised in accordance with specific provision of the Companies Act, 2013

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to statement of profit and loss.

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18 **Other equity (continued)**

Retained earnings
Retained earnings are profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors

Share options outstanding account
The fair value of the equity-settled share based payment transactions with employees is recognised in the statement of profit and loss with corresponding credit to share options outstanding account

Exchange differences on translation of foreign operations
Exchange differences arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

19 **Borrowings (Non-current)**

Particulars	As at 31 March 2022	As at 31 March 2021
Secured at amortised cost		
Term loans from banks	2,083.83	1,403.40
Term loans from other financial institutions	251.21	472.81
Car loan from bank	-	0.31
Total	2,335.04	1,876.52

The Group has not been declared a wilful defaulter by any bank or financial institution or other lender.

Repayment and interest terms

Term loans from banks:

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2022	As at 31 March 2021
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from August 2017 and to be settled by August 2022. The loan carries interest rate of 2% p.a	Citi Bank	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain immovable properties and secured by second pari-passu charge on current assets, i.e., inventories and trade receivables, both present and future, of the Company.	47.56	137.64
Repayable in 20 equal quarterly instalments of ₹11.11 million per quarter starting from April 2017 and to be settled by July 2022. Loan carries interest rate of 7.85% p.a. - 7.9% p.a	HSBC Bank	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain properties (land and buildings) and secured by second pari-passu charge on current assets, both present and future, of the Company.	19.44	63.90
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from September 2017 and to be settled by November 2022. Loan carries interest rate of 7.65% p.a. - 7.9% p.a.	HSBC Bank		36.11	91.68
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from January 2019 and to be settled by July 2023. Loan carries interest rate of 7.65% p.a. - 7.9% p.a	HSBC Bank		75.00	130.59
Repayable in 20 equal quarterly instalments of ₹12.26 million per quarter starting from April 2016 and to be settled by May 2021. The loan carries interest rate of 8.15% p.a	HDFC Bank	Secured by first pari-passu charge on movable fixed assets, certain immovable fixed assets (land and buildings) and secured by second pari-passu charge on current assets, viz. inventories and receivables, both present and future, of the Company	-	12.26
Repayable in 20 equal quarterly instalments of ₹12.50 million per quarter starting from June 2017 and to be settled by March 2022. The loan carries interest rate of 7.3% p.a.	HDFC Bank		-	50.00
Repayable in 20 equal quarterly instalments of ₹21 million per quarter starting from March 2019 and to be settled by August 2023. The loan carries interest rate of 7.25% p.a	HDFC Bank		126.00	210.00
Repayable in 20 equal quarterly instalments of ₹20 million per quarter starting from September 2019 and to be settled by June 2024. The loan carries a interest rate of 7.45% p.a	HDFC Bank		180.00	260.00
Repayable in 20 equal quarterly instalments of ₹25 million per quarter starting from January 2021 and to be settled by October 2025. The loan carries a interest rate of 7.6% p.a.	HDFC Bank		375.00	475.00
Repayable in 20 equal quarterly instalments of ₹25 million per quarter starting from Jun 2023 and to be settled by December 2027. The loan carries a interest rate of 6.5% p.a.	HDFC Bank		500.00	-
Repayable in a bullet payment of ₹122.92 million in October 2021 and in a bullet repayment of ₹14.48 million in March 22. The loan carries interest rate of 1.72% p.a.	DBS Bank	Secured by first pari-passu charge on movable fixed assets, certain immovable fixed assets and secured by second pari-passu charge on current assets including inventories and receivables, both present and future, of the Company	-	137.39
Repayable in a bullet payment of ₹15.01 million in March 2022. The loan carries interest rate of 1.50% p.a	DBS Bank		-	15.01
Repayable in 16 equal monthly instalments of ₹49.87 million starting from October 2021 and to be settled by July 2025. The loan carries a interest rate of 7.35% p.a.	Axis Bank	Secured by first pari-passu charge on entire movable fixed assets, both present and future, certain immovable properties and secured by second pari-passu charge on entire current assets, both present and future, of the Company.	874.16	-
Repayable in 54 equal monthly instalments of ₹18.5 million starting from July 2022 and to be settled by May 2025. The loan carries a interest rate of 6.7% p.a	SBI	Secured by first pari-passu charge on entire movable fixed assets, certain immovable properties and secured by second pari-passu charge on entire current assets, including inventories and receivables both present and future, of the Company	633.91	557.91
Repayable in 57 monthly instalments of ₹ 0.37 million per month starting from August 2015 and to be settled by February 2022. The loan carries a interest rate of 7.65% p.a	HDFC Bank	Secured by first pari-passu charge on certain propert/immovable assets and movable assets and secured by second pari-passu charge on current assets i.e., inventories and receivables, both present and future	-	3.70
Repayable in 57 monthly instalments of ₹ 0.46 million per month starting from August 2015 and to be settled by February 2022. The loan carries a interest rate of 7.65% p.a	HDFC Bank		-	4.63
Repayable in 57 monthly instalments of ₹ 0.43 million per month starting from August 2015 and to be settled by October 2022. The loan carries a interest rate of 7.65% p.a	HDFC Bank		3.47	8.80
Repayable in 60 monthly instalments of ₹ 0.37 million per month starting from January 2020 and to be settled by July 2024. The loan carries a interest rate of 8.05% p.a.	HDFC Bank		10.75	14.82
Repayable in 60 monthly instalments of ₹ 0.46 million per month starting from November 2021 and to be settled by October 2024. The loan carries a interest rate of 8.25% p.a	HDFC Bank		44.09	51.20
Repayable in 60 monthly instalments of ₹ 0.63 million per month starting from January 2023 and to be settled by December 2025. The loan carries a interest rate of 7.55% p.a	Axis Bank	Secured by first pari-passu charge on certain propert/immovable assets and movable fixed assets, both present and future, and secured by second pari-passu charge on current assets including receivables, both present and future	30.00	-
Total			2,955.49	2,224.53
Less: Current maturities (Refer note 23)			(871.66)	(821.13)
Non-current			2,083.83	1,403.40

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Term loans from other financial institutions :

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2022	As at 31 March 2021
Repayable in 20 equal quarterly instalments of₹20.00 million per quarter starting from July 2018 and to be settled by April 2024. The loan carries interest rate of 9% p.a	Citicorp Finance (India) Limited	Secured by first pari-passu charge on entire plant and machinery, both present and future, certain immovable properties and secured by second pari-passu charge on current assets, i.e. inventories and trade receivables, both present and future, of the Company	180.00	260.00
Repayable in 50 equal monthly instalments of₹3.78 million starting from September 2017 and to be settled by August 2021. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	Secured by first pari-passu charge on entire movable fixed assets, certain immovable properties and secured by second pari-passu charge on current assets both present and future, of the Company.	-	19.16
Repayable in 54 equal monthly instalments of₹6.72 million starting from April 2019 and to be settled by September 2023. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited		113.63	182.17
Repayable in 48 equal monthly instalments of₹4.88 million starting from February 2021 and to be settled by January 2025. The loan carries interest rate of 8.00% p.a	Bajaj Finance Limited		148.09	192.86
Repayable in 60 monthly instalments of₹ 1.1 million per month starting from May 2018 and to be settled by August 2024 The loan carries a interest rate of 8.75% p.a	Bajaj Finance Limited	Secured by first pari-passu charge on movable fixed assets, both present and future and certain immovable properties and secured by second pari-passu charge on current assets i.e., inventories and receivables both present and future	26.17	41.84
Repayable in 60 monthly instalments of₹ 0.15 million per month starting from May 2019 and to be settled by May 2025.The loan carries a interest rate of 8.75% p.a.	Bajaj Finance Limited		6.55	8.70
Total			474.44	704.23
Less: Current maturities (Refer note 23)			(223.23)	(231.42)
Non-current			251.21	472.81

Car loans from banks:

Repayment and interest terms	Name of the Lender	Security	As at 31 March 2022	As at 31 March 2021
Repayable in 60 monthly instalments of₹ 0.06 million per month starting from November 2017 and to be settled by September 2022. The loan carries a interest rate of 8.25% p.a	HDFC Bank	Secured by certain movable fixed assets	0.37	1.06
Repayable in 37 monthly instalments of₹ 0.06 million per month starting from October 2018 and to be settled by October 2021. The loan carries a interest rate of 9% p.a.	HDFC Bank		-	0.42
Total			0.37	1.48
Less: Current maturities (Refer note 23)			(0.37)	(1.17)
Non-current			-	0.31

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20 Provisions (Non-Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Provision for gratuity (Refer note 41)	82.23	151.83
Total	**82.23**	**151.83**

21 Deferred tax liabilities (Net)

Particulars		As at 31 March 2022	As at 31 March 2021
Deferred tax assets			
Provision for employee benefits		49.52	60.86
Security deposit		3.81	1.06
Allowance for credit losses		6.85	4.58
Right-of-use assets, net of lease liabilities (Ind AS 116)		9.84	8.81
Others		5.43	2.63
Total	(a)	**75.45**	**77.94**
Deferred tax liabilities			
Property, plant and equipment		697.42	671.46
On fair valuation of quoted investments		1.50	1.40
Derivative contracts at fair value		11.62	9.70
On Intangibles		4.84	-
Exchange differences arising from foreign operations		1.96	13.32
Others		0.04	0.04
Total	(b)	717.38	695.92
Deferred tax liabilities (net)	(c) = (b) - (a)	**641.93**	**617.98**

22 Other non-current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred Government grant	509.82	467.16
Total	**509.82**	**467.16**

Movement in deferred Government grant (Current and Non-current)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	514.60	467.04
Add: Grants during the year	100.91	92.67
Less: Income recognised in the statement of profit and loss	(51.59)	(45.11)
Closing balance	**563.92**	**514.60**
Less: Amounts expected to be recognised in the next 12 months (Refer note 26) - current	(54.10)	(47.44)
Net Closing balance, non-current	**509.82**	**467.16**

The Government grant related to property, plant and equipment is recognised as income over the useful life, in proportion to the depreciation of the related asset under note 29 -Other income.

23 Borrowings (Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Loans from banks - Secured - at amortised cost		
Cash credit	-	40.95
Working capital loan	1,526.78	1,518.58
Packing credit	1,494.36	992.79
Current maturities of long-term debt *	1,095.26	1,053.72
Total	4,116.40	3,606.04

Cash credit, working capital loan, packing credit loan from banks and others amounting to ₹ 3,021.14 million as at 31 March 2022 (31 March 2021: ₹ 2,552.32 million) are secured by hypothecation of current assets, movable fixed assets and certain immovable properties of the Group

Working capital loan carries interest rate ranging from 5.65% p.a. to 7.65% p.a., Cash credit carries interest rate ranging from 7.1% p.a. to 7.90% p.a. and Packing credit carries interest rate ranging from 4.00 % p.a. to 4.40% p.a.

The quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts

* Current maturities of long-term debt, previously disclosed under Other financial liabilities (Refer Note 25) have been classified under Borrowings (Current), consequent to the amendment to Schedule II of the Companies Act, 2013

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24 **Trade payables**

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	77.54	86.39
Total outstanding dues of creditors other than to micro enterprises and small enterprises	1,984.27	1,750.37
Trade payable towards		
Accrued expenses	591.16	433.70
Total	2,652.97	2,270.46

The Group's exposure to currency and liquidity risk related to trade payables are disclosed in note [illegible]

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Accrued	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022							
Micro, small and medium enterprises	-	76.41	1.13	-	-	-	77.54
Others	591.16	1,846.83	128.67	7.28	0.39	1.80	2,576.13
Total	591.16	1,923.24	129.80	7.28	0.39	1.80	2,653.67
As at 31 March 2021							
Micro, small and medium enterprises	-	79.13	5.18	2.08	-	-	86.39
Others	433.70	1,429.66	233.58	72.87	12.98	1.28	2,184.07
Total	433.70	1,508.79	238.76	74.95	12.98	1.28	2,270.46

25 **Other current financial liabilities**

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued	9.63	14.93
Capital creditors *	112.20	168.02
Total	121.83	182.95

* Capital creditors include dues to micro enterprises and small enterprises amounting to ₹ 28.03 million (31 March 2021: ₹ 25.00 million)

26 **Other current liabilities**

Particulars	As at 31 March 2022	As at 31 March 2021
Advance from customers	87.62	26.37
Statutory liabilities	121.82	133.82
Deferred government grant	54.10	47.44
Total	263.54	207.63

27 **Provisions (Current)**

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Provision for gratuity (Refer note 41)	29.31	26.75
Provision for compensated absences	81.83	72.35
Total	111.14	99.10

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28 Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products	18,557.85	14,568.90
Sale of services	40.87	2.30
Sub-total	**18,598.72**	**14,571.20**
Other operating revenues:		
Scrap sales	954.31	560.14
Tooling income	255.75	257.85
Export incentive benefits	81.54	103.52
Total	**19,890.32**	**15,492.71**

A. Disaggregation of Revenue from contracts with customers	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		
India	11,682.89	9,466.78
Europe	4,428.14	3,640.52
USA	1,724.91	1,012.62
Other foreign countries	721.91	448.98
Sub-total	**18,557.85**	**14,568.90**
Sale of services		
India	**40.87**	**2.30**
Tooling income		
India	150.77	47.29
Europe	55.75	105.90
USA	49.23	90.07
Other foreign countries	-	14.59
Sub-total	**255.75**	**257.85**
Total revenue from contracts with customers:		
India	11,874.53	9,516.37
Europe	4,483.89	3,746.42
USA	1,774.14	1,102.69
Other foreign countries	721.91	463.57
Total revenue from contract with customers	**18,854.47**	**14,829.05**

B. Reconciling the amount of revenue recognised with contract and total revenue:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Total revenue from contract with customers	18,854.47	14,829.05
Adjustments:		
Other operating revenues:		
Export incentive benefit	81.54	103.52
Scrap sales	954.31	560.14
Total	**19,890.32**	**15,492.71**

C. Timing of revenue recognition

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Good transferred at a point in time	19,634.57	15,234.86
Service transferred over time	255.75	257.85
Total revenue from contract with customers	**19,890.32**	**15,492.71**

The transaction price allocated to (partially) unsatisfied performance obligations at 31 March 2022 and 31 March 2021 is Nil.

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D. Contract balances

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade receivables	4,085.64	3,129.83
Contract assets (Unbilled revenue)	172.70	50.31
Contract liabilities (Advance from customers)	87.62	26.37

E. The Group's revenue from its major products are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Connecting rods	7,939.10	5,778.67
Crank shaft assembly	2,995.98	2,509.90
Rocker arms	3,383.71	2,836.10
Others*	4,239.07	3,444.23
Total revenue from sale of products	**18,557.86**	**14,568.90**

* Individual items of these are less than 10% of sale of products.

Revenue from sale of products from top three customers of the Group, who individually exceed 10% of total sales, is 44.18% (as at 31 March 2021 - three customers is 51.68%).

29 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income	14.42	22.42
Fair value gain on financial instruments at fair value through profit or loss	0.39	2.05
Gain/(loss) on disposal of property, plant and equipment	1.88	4.77
Gain on foreign currency transactions, net	49.07	101.80
Income from government grants	52.01	81.92
Other non-operating income	32.99	17.97
Share of profit from investment in Limited Liability Partnership (LLP)	4.17	-
Total	**154.93**	**230.93**

30 Cost of materials consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw materials at the beginning of the year	838.03	722.90
Add: Purchases	9,026.73	6,793.44
Less: Raw materials at the end of the year	993.68	838.03
Total	**8,871.08**	**6,678.31**

31 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening balance		
Finished goods	395.15	369.27
Work-in-progress	897.45	879.62
Total	**1,292.60**	**1,248.89**
Closing balance		
Finished goods	466.79	395.15
Work-in-progress	1,055.89	897.45
Total	**1,522.68**	**1,292.60**
Changes in inventories of work-in-progress and finished goods	**(230.08)**	**(43.71)**

32 Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	2,273.14	1,804.31
Contribution to provident and other funds (Refer note 41 A)	96.73	75.96
Gratuity expenses (Refer note 41 B)	40.93	39.79
Employee stock compensation expense (Refer note 42)	79.89	-
Staff welfare expenses	282.89	217.44
Total	**2,773.58**	**2,137.50**

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33 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest Cost		
Banks and Financial institutions	408.55	335.24
Others	45.25	92.83
Exchange differences regarded as an adjustment to borrowing costs	6.73	4.06
Interest on obligations under lease	49.60	41.80
Total	**510.13**	**473.93**

34 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment	1,091.28	930.36
Depreciation of right-of-use asset	94.52	79.56
Amortisation of intangible assets	11.23	6.84
Total	**1,197.03**	**1,016.76**

35 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contract labour charges	951.73	771.14
Freight outward	228.55	168.15
Legal and professional (Refer note 38 and note 40)	100.62	71.14
Rates and taxes	83.83	45.77
Repairs and maintenance		
Buildings	132.45	103.51
Computers	60.34	51.93
Vehicles	35.85	25.74
Rent	10.41	3.08
Traveling and conveyance	33.23	20.45
Insurance	67.80	54.65
Printing and Stationery	7.80	5.56
Communication expenses	7.94	8.69
Security charges	52.49	44.97
Selling and advertisement	5.61	1.43
Corporate social responsibility	34.68	29.53
Insurance claim receivable written off	-	11.26
Bank charges	19.56	21.55
Allowance for credit losses	9.02	-
Miscellaneous	43.07	28.25
Total	**1,884.98**	**1,466.80**

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36 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. The details are as follows:

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
Profit available to shareholders for calculation of basic and diluted earnings per share	A	1,304.52	1,079.86
Nominal value of equity shares (₹ per share)		2	2
Weighted average number of equity shares for calculation of basic earnings per share	B	51,627,573	51,377,850
Basic earnings per share (in ₹)	A/B	**25.27**	**21.02**
Weighted average number of equity shares for calculation of diluted earnings per share	C	53,545,027	52,551,625
Diluted earnings per share (in ₹)	A/C	**24.36**	**20.55**

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Weighted average number of equity shares	51,377,850	46,936,500
Weighted average number of Series A Compulsorily Convertible Preference Shares (CCPS)	-	4,439,900
Weighted average number of Series B Compulsorily Convertible Preference Shares (CCPS)	-	1,450
Weighted average number of Shares issued under Employee Stock Option	249,723	-
Weighted average number of equity shares for calculation of basic earnings per share	**51,627,573**	**51,377,850**
Add: Impact of potentially dilutive equity shares:		
Weighted average number of Shares issued under Employee Stock Option	1,917,454	1,173,775
Weighted average number of equity shares for calculation of diluted earnings per share	**53,545,027**	**52,551,625**

37 Contingent liabilities and commitments *(to the extent not provided for)*

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities #		
Claims against the Group not acknowledged as debts:		
Excise duty, entry tax and service tax matters (Refer note A i)	50.38	80.35
Income tax matters (Refer note A ii)	11.95	11.98
Commitments ##		
Estimated amount of contracts remaining to be executed on capital account and not provided for	742.89	398.56

Note A: Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for wherever required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcomes of these proceedings to have a materially adverse effect on its financial position.

(i) Relating to demand for service tax on labour charges, refund granted on service tax paid under reverse charge mechanism (RCM), disallowance of Excise duty rebate, disallowance of Input Tax Credit (ITC) on Value Added Tax (VAT) etc.,

(ii) Relating to disallowance of certain expenses, additional depreciation, non-consideration of MAT (Minimum Alternate Tax) credit and non consideration of Tax Deducted at Source (TDS).

The Honourable Supreme Court of India, in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision of ₹ 0.58 million for provident fund contribution pursuant to the judgement in the year 2018-2019 from the date of Order of the Honourable Supreme Court of India. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

As disclosed in note 4, the Company has invested in Clean Max Vega Power LLP (i.e., power producer) and entered into an energy supply agreement for a period of 25 years with lock in period of 5 years. Pursuant to such energy supply agreement, the Company has committed to purchase atleast 51% of the total power produced by the power producer.

The Group does not have any other material commitments.

38 Auditors' remuneration (included in legal and professional, net of taxes) *

(Amount in ₹ millions)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Statutory audit fees	5.25	3.80
Statutory audit fees - Erstwhile auditor	-	0.59
Limited Review	1.45	-
Tax audit fees	0.40	0.30
Tax audit fees - Erstwhile auditor	-	0.04
Certifications	0.15	-
Total	7.25	4.73

* Excludes ₹ 11.85 million (31 March 2021: Nil) towards services rendered in connection with Initial Public Offering.

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(Amount in ₹ millions)

39 Tax expense

A. Amounts recognised in consolidated statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax (a)		
Current year	427.85	303.87
Changes in estimates related to prior years	7.65	-
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	29.29	58.98
Income tax expense reported in the consolidated statement of profit and loss (a+b)	**464.79**	**362.85**
Amounts recognised in other comprehensive income		
Deferred taxes		
Remeasurements of the defined benefit plans	6.45	(6.59)
Exchange differences on translation of foreign operations	(11.36)	13.32
Income tax reported in other comprehensive income	**(4.91)**	**6.73**

B. Bifurcation of the income tax recognised in other comprehensive income into

Items that will not be reclassified to profit or loss	6.45	(6.59)
Items that will be reclassified to profit or loss	(11.36)	13.32
Total	**(4.91)**	**6.73**

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	31 March 2022	31 March 2021
Profit before tax	1,783.68	1,461.45
Tax using the Group's domestic tax rate	25.17%	25.17%
Computed expected tax expense	448.95	367.85
Effect of:		
Non-deductible expenses	8.76	7.29
Incremental tax expense on completion of assessment for earlier years	8.63	(4.44)
Difference in tax rates of foreign operations	-	(13.19)
Tax exempt income	(4.76)	-
Others	3.21	5.34
Income tax expense	**464.79**	**362.85**

D. Movement in temporary differences

Particulars	Balance as at 1 April 2021 Net deferred tax asset/(liabilities)	Recognised in profit and loss during 2021-22	Recognised in OCI during 2021-22	Balance as at 31 March 2022 Net deferred tax asset/(liabilities)
Property, plant and equipment	(671.46)	(25.96)	-	(697.42)
Provision for employee benefits	60.86	(5.32)	(6.45)	49.52
Security deposit	1.06	2.75	-	3.81
Allowance for credit losses	4.58	2.27	-	6.85
On fair valuation of quoted investments	(1.40)	(0.10)	-	(1.50)
Others	2.59	2.80	-	5.39
Derivative contracts	(9.70)	(1.92)	-	(11.62)
Right-of-use assets, net of lease liabilities (Ind AS 116)	8.81	1.03	-	9.84
Exchange difference on foreign operations	(13.32)	-	11.36	(1.96)
On Intangibles	-	(4.84)	-	(4.84)
Total	**(617.98)**	**(29.29)**	**4.91**	**(641.93)**

Particulars	Balance as at 1 April 2020 Net deferred tax asset/(liabilities)	Recognised in profit and loss during 2020-21	Recognised in OCI during 2020-21	Balance as at 31 March 2021 Net deferred tax asset/(liabilities)
Property, plant and equipment	(633.67)	(37.79)	-	(671.46)
Provision for employee benefits	57.69	(3.42)	6.59	60.86
Security deposit	2.12	(1.06)	-	1.06
Allowance for credit losses	4.58	-	-	4.58
On fair valuation of quoted investments	(0.89)	(0.51)	-	(1.40)
Others	9.66	(7.07)	-	2.59
Derivative contracts	5.01	(14.71)	-	(9.70)
Right-of-use assets, net of lease liabilities (Ind AS 116)	7.31	1.50	-	8.81
Exchange difference on foreign operations	-	-	(13.32)	(13.32)
On Intangibles	(4.08)	4.08	-	-
Total	**(552.27)**	**(58.98)**	**(6.73)**	**(617.98)**

E. Amendment to Ind AS 12 Income Taxes: Appendix C - Uncertainty over Income Tax

This Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. Based on the evaluation carried out on the outstanding litigations (Refer Note 37), the Group has determined that there will not be any significant impact on the financial statements on account of this Appendix.

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40 Related parties disclosures

A. Significant Shareholders
Client Ebene Limited
CVCIGPII Employee Ebene Limited

B. Trust in which the Director is a trustee
Sansera Foundation

C. Key managerial personnel
S Sekhar Vasan - Chairman and Managing Director
F R Singhvi - Joint Managing Director
B R Preetham - Chief Executive Officer
Vikas Goel - Chief Financial Officer
Rajesh Kumar Modi - Company Secretary
Muthuswamy Lakshminarayan - Independent Director
Revathy Ashok - Independent Director
Bilaine Sylvain - Independent Director

D. Close members of key managerial personnel's family
Lalitha Singhvi
Praveen Singhvi
Lata Singhvi
Jayaraj Singhvi
Tara Singhvi
Indira Singhvi

E. The following is the summary of related party transactions (Amount in ₹ millions)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Expenditure towards Corporate Social Responsibility (CSR)		
Sansera Foundation	33.98	20.32
IPO expenses incurred (to be reimbursed by the shareholders) #		
S. Sekhar Vasan	59.52	-
F R Singhvi	5.79	-
Lalitha Singhvi	1.77	-
Praveen Singhvi	1.79	-
Lata Singhvi	1.79	-
Jayaraj Singhvi	1.79	-
Tara Singhvi	1.79	-
Indira Singhvi	1.79	-
Unni Rajagopal K	16.52	-
Devappa Devaraj	16.52	-
Client Ebene Limited	95.45	-
CVCIGP II Employee Ebene Limited	53.46	-
Managerial Remuneration*		
S Sekhar Vasan	14.89	7.45
F R Singhvi	14.89	7.45
B R Preetham	16.39	11.47
Vikas Goel	16.31	11.80
Rajesh Kumar Modi	4.30	3.46
Legal and Professional Charges- Fixed Commission		
Muthuswamy Lakshminarayan	1.20	0.60
Revathy Ashok	1.20	0.60
Bilaine Sylvain	1.20	0.53
Legal and Professional Charges- Sitting fees		
Muthuswamy Lakshminarayan	0.30	0.11
Revathy Ashok	0.33	0.16
Bilaine Sylvain	0.19	0.15
Conversion of Compulsorily Convertible Preference Shares (CCPS)		
Client Ebene Limited	5.69	-
CVCIGPII Employee Ebene Limited	3.19	-

* Excludes contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

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40 Related parties disclosures (continued)

(Amount in ₹ millions)

F. The balances receivable from and payable to related parties are:

Particulars	As at 31 March 2022	As at 31 March 2021
IPO expenses recoverable from shareholders #		
S Sekhar Vasan	0.42	11.24
F R Singhvi	0.05	-
Lalitha Singhvi	0.01	0.33
Praveen Singhvi	0.01	0.56
Lata Singhvi	0.01	0.56
Jayaraj Singhvi	0.01	0.56
Tara Singhvi	0.01	0.56
Indira Singhvi	0.01	0.56
Unni Rajagopal	0.12	3.12
Devappa Devaraj	0.11	2.51
Devappa Devaraj on behalf of D. Devaraj HUF	-	0.61
Client Ebene Limited	1.74	47.18
CVCIGP II Employee Ebene Limited	0.97	26.42
Loan to key managerial personnel		
B R Preetham	3.88	3.88
Payable to Directors		
S. Sekhar Vasan	12.86	12.87
F R Singhvi	-	1.94
Receivable from Director		
F R Singhvi	0.36	-

The Company's equity shares have been listed on National Stock Exchange ("NSE") and on BSE Limited ("BSE") on 24 September 2021, by completing the Initial Public Offering (IPO) of 17,244,328 equity Shares of face value of Rs. 2 each at an issue price of Rs.744 per equity share, consisting of an offer for sale of 17,244,328 equity shares by the selling shareholders.

For the purpose of IPO, during the current financial year, the Company has incurred a cost of ₹ 257.98 million (31 March 2021: Nil). As per the arrangement with the related selling shareholders, the aforesaid expenditure is required to be borne by the respective selling shareholders. Outstanding cost recoverable as at 31 March 2022 is ₹ 3.47 million (31 March 2021: ₹ 94.21 million).

Terms and conditions:
All transactions with related parties are unsecured.

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(Amount in ₹ millions)

41 Employee benefit plans

A Defined contribution plan

The Group has defined contribution plan. Contributions are made to the Provident fund for employees at the specified rate of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employer contribution to Provident fund, including admin charges	82.40	63.51
Employer contribution to Employee state insurance scheme	14.13	10.44
Employer contribution to Labour Welfare Fund	0.20	2.01

B Defined benefit plans

The Group sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement (Age of 58 years) or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Fund.

The following table sets out the status of the gratuity plan as required under Ind AS 19 "Employee benefits":

a) Reconciliation of present value of defined benefit obligations

Particulars	As at 31 March 2022	As at 31 March 2021
Defined benefit obligations at the beginning of the year	357.37	293.57
Current service cost	28.92	29.37
Interest Expense	24.07	19.79
Benefits paid	(12.77)	(9.02)
Actuarial (gains) / losses recognised in Other Comprehensive Income:		
Changes in financial assumptions	(16.07)	-
Experience adjustments	(2.87)	23.66
Defined benefit obligations at the end of the year	**378.65**	**357.37**

b) Reconciliation of present value of plan assets

Particulars	As at 31 March 2022	As at 31 March 2021
Plan assets at the beginning of the year	178.79	145.97
Interest income	12.06	9.37
Contributions paid into the plan	80.01	32.47
Return on plan assets recognised in Other Comprehensive Income	6.70	(2.74)
Benefits paid	(10.45)	(6.28)
Plan assets at the end of the year	**267.11**	**178.79**
Net defined benefit liability (a-b)	**111.54**	**178.58**
Non-current	82.23	151.83
Current	29.31	26.75
Total	**111.54**	**178.58**

c) Expense recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	28.92	29.37
Interest expense	24.07	19.79
Interest income	(12.06)	(9.37)
Total	**40.93**	**39.79**

d) Remeasurements recognised in Other Comprehensive Income (OCI)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss on account of experience adjustments	(2.87)	23.20
Actuarial (gain)/loss arising from change in financial assumptions	(16.07)	-
Return on plan assets recognised in other comprehensive income	(6.70)	2.74
Total	**(25.64)**	**25.94**
Total cost recognised in the statement of profit and loss, including other comprehensive income (c+d)	**15.29**	**65.73**

e) Actuarial assumptions

The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary. These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2022 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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(Amount in ₹ millions)

41 Defined contribution plan (Continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	7.20%	6.75%
Salary increase**	5.00%	4%-5% *
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age	58 years	58 years
Withdrawal Rate	4.00%	4.00%

* Salary increment for the financial year ended 31 March 2021 was considered as 0% due to COVID-19 effect.
**The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

f) Sensitivity Analysis (Amount in ₹ millions)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	346.21	(333.37)	325.42	(394.32)
Future salary growth (1% movement)	416.43	(275.09)	394.64	(324.61)
Withdrawal rate (1% movement)	384.95	(299.05)	362.38	(351.57)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The expected future contribution and estimated future benefit payments from the fund are as follows:

(Amount in ₹ millions)

Expected cash flows over the next (valued on undiscounted basis):	For the year ended 31 March 2022	For the year ended 31 March 2021
1 year	29.31	26.75
2 to 5 years	112.82	93.28
6 to 10 years	167.56	153.07
More than 10 years	516.85	472.11

g) Asset liability matching strategies
The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

h) The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

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42 Employee stock options

The Company has a share option scheme for the permanent employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, permanent employees may be granted options to purchase equity shares.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry as per ESOP Schemes.

(a) Sansera Employee Stock Option Plan 2015

On 12 March 2015, the Board of Directors of the Company approved "Sansera Employee Stock Option Plan 2015" ("the Plan") for grant of stock options to the employees of the Company and its subsidiaries which was further ratified by the shareholders on 13 April 2015 Further, the ESOP 2015 has been amended pursuant to resolutions passed by the Shareholders on 3 August 2018, 2 June 2021 and 31 August 2021, respectively. The vested options can be exercised by the option holder and the shares can be allotted by the Board/Committee as specified in the Plan. The plans are as follows:

Program 1: Key management group

Options under this program are granted to certain employees at an exercise price of₹ 0.14 per option. The entire stock options are completely vested.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,173,775	0.14	1,173,775	0.14
Granted during the year	-	-	-	-
Exercised during the year	175,000	0.14	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	**998,775**	**0.14**	**1,173,775**	**0.14**
Vested at the end of the year	**998,775**	**0.14**	**1,173,775**	**0.14**
Exercisable at the end of the year	**998,775**	**0.14**	-	-

Program 2: Certain identified employees

Options under this program are granted to certain employees at an exercise price of ₹ 135.20 per option. Stock options issued carries different vesting periods, it ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,188,275	135.20	1,336,900	135.20
Granted during the year*	148,625	135.20	-	-
Exercised during the year	602,965	135.20	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Surrendered during the year	-	-	148,625	135.20
Outstanding at the end of the year	**733,935**	**135.20**	**1,188,275**	**135.20**
Vested at the end of the year	**733,935**	**135.20**	**1,188,275**	**135.20**
Exercisable at the end of the year	**733,935**	**135.20**	-	-

* The options granted during the year have been vested over the period of one year from the date of grant.

During the year ended 31 March 2022, shares were exercised on 29 October 2021 and 25 March 2022. The share price on the date of exercise was₹ 707.40 and ₹ 563.15 respectively.

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plans		
	Program 1: Key Management Group	Program 2: Certain Identified Employees	Program 2: Certain Identified Employees
Grant date	29-Apr-15	29-Apr-15	01-Apr-21
Fair value at grant date	103.39	55.25	273.21
Share price at grant date	103.48	103.48	396.60
Exercise price	0.14	135.20	135.20
Expected volatility (weighted average volatility)	49.20%	49.20%	31.30%
Method used to determine expected volatility	Expected volatility has been calculated based on volatility of the comparable company stock prices.		
Expected term (in years)	6.50	6.50	2.00
Risk free interest rate	7.90%	7.90%	4.52%

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Sansera Engineering Limited
Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

42 Employee stock options (continued)

(b) Sansera Employee Stock Option Plan 2018

The Company, pursuant to resolution passed by its shareholders dated 8 August 2018 has adopted "Sansera Employee Stock Option Plan 2018" ("the Plan"). Further, the ESOP 2018 has been amended pursuant to resolutions passed by the Board of Directors on 19 April 2021 and 22 August 2021 and Shareholders on 2 June 2021 and 31 August 2021. The aggregate number of options, which may be issued under ESOP 2018, shall be decided by the Nomination and Remuneration Committee and shall not exceed such number of optio which represents 2.50% shareholding in the Company on a fully diluted basis as on the date of this plan. The plans are as follows:

Options under this program are granted to certain employees at an exercise price of₹ 744 per option. Stock options issued carry different vesting periods. It ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	808,327	744.00	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	**808,327**	**744.00**	-	-
Vested at the end of the year	-		-	-
Exercisable at the end of the year	-	-	-	-

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plan
Grant date	22-Sep-21
Fair value at grant date (Average)	200.72
Share price at grant date	744.00
Exercise price	744.00
Expected volatility (weighted average volatility) (Average)	26.68%
Expected term (in years) (Average)	3.50
Method used to determine expected volatility	The expected volatility has been calculated based on historic volatility of Auto Index
Risk free interest rate (Average)	5.02%

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43 Financial instruments

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2022	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	110.90	5.97	-	104.93
Derivative contracts at fair value	6.13	-	6.13	-
Total	**117.03**	**5.97**	**6.13**	**104.93**
Financial assets measured at amortised cost				
Loans	40.87	-	-	-
Other non-current financial assets	287.95	-	-	-
Trade receivables	4,085.64	-	-	-
Cash and cash equivalents	383.44	-	-	-
Bank balances other than cash and cash equivalents above	119.84	-	-	-
Other current financial assets	195.56	-	-	-
Total	**5,113.30**	-	-	-
Financial liabilities measured at amortised cost				
Non-current borrowings	2,335.04	-	-	-
Current borrowings	4,116.40	-	-	-
Lease liabilities	1,013.14	-	-	-
Trade payables	2,652.97	-	-	-
Other financial liabilities	121.83	-	-	-
Total	**10,239.38**	-	-	-

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31 March 2021	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	42.51	5.58	-	36.93
Derivative contracts at fair value	38.54	-	38.54	-
Total	**81.05**	**5.58**	**38.54**	**36.93**
Financial assets measured at amortised cost				
Loans	38.41			
Other non-current financial assets	289.48	-	-	-
Trade receivables	3,129.83	-	-	-
Cash and cash equivalents	365.00	-	-	-
Bank balances other than cash and cash equivalents above	286.42	-	-	-
Other current financial assets	155.01	-	-	-
Total	**4,264.15**	-	-	-
Financial liabilities measured at amortised cost				
Non-current borrowings	1,876.52	-	-	-
Current borrowings	3,606.04	-	-	-
Lease liabilities	921.16	-	-	-
Trade payables	2,270.46	-	-	-
Other financial liabilities	182.95	-	-	-
Total	**8,857.13**	-	-	-

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The group has not disclosed the fair value of financial instruments such as other non-current financial assets, trade receivables, cash and cash equivalents, bank balances, other current financial assets, loans, borrowings, other non-current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

The majority of costs and incomes are denominated in local currencies, which is not impacted by currency exchange fluctuations. Some of the contracts with key export customers may not allow for price adjustments in the event of unfavourable currency exchange rate developments. Global footprint exposes the Group to certain currency exchange risks, arising primarily from foreign currency receivables, import of raw materials and capital goods for operations, export of goods and non-Indian rupee denominated borrowings. The Group hedges significant portion of the net foreign exchange exposure through forward contracts and non-Indian rupee denominated loans.

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44 Financial risk management (Amount in ₹ millions)

The Group is exposed to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and others, foreign exchange transactions and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In respect of trade receivables the Group performs credit assessment for customers on an annual basis and recognizes credit risk on the basis of lifetime expected losses

Movement in expected credit loss allowance on trade receivables: (Amount in ₹ millions)

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	23.61	23.61
Movement in the expected credit loss allowance on trade	(9.02)	-
Balance at the end of the year	14.59	23.61

Security deposits, Other financial assets and Loans:

Expected credit loss for Security deposits, Other financial assets and Loans is as follows:

Particulars	Year ended	Assets of the Group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss: Financial assets for which credit risk has not increased significantly since initial recognition	31 March 2022	Security deposits	282.27	0%	-	282.27
		Other Financial Assets	201.69	0%	-	201.69
		Loans	40.87	0%	-	40.87

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and others with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation .

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

(Amount in ₹ millions)

Particulars	Carrying amount	Total	Less than 1 year	1-2 years	Above 2 years
	As at 31 March 2022				
Non-current borrowings including current maturities	3,430.30	3,430.30	1,095.26	1,031.30	1,303.74
Current borrowings	3,021.14	3,021.14	3,021.14	-	-
Trade payables	2,652.97	2,652.97	2,652.97	-	-
Other financial liabilities	121.83	121.83	121.83	-	-
Lease liabilities	1,013.14	1,013.14	102.51	82.25	828.38

Particulars	Carrying amount	Total	Less than 1 year	1-2 years	Above 2 years
	As at 31 March 2021				
Non-current borrowings including current maturities	2,930.24	2,930.24	1,053.72	808.73	1,067.79
Current borrowings	2,552.32	2,552.32	2,552.32	-	-
Trade payables	2,270.46	2,270.46	2,270.46	-	-
Other financial liabilities	182.95	182.95	182.95	-	-
Lease liabilities	921.16	921.16	110.88	107.49	702.79

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44 Financial risk management (continued)

(iv) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans, borrowings, receivables and payables. The Group's activities expose it to a variety of financial risks, including effects of changes in foreign currency exchange rates and interest rate movement.

(v) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to Group's long term debt obligations with floating interest rates.

Exposure to interest rate risk
The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows : (Amount in ₹ millions)

Particulars	As at 31 March 2022	As at 31 March 2021
Fixed rate instruments:		
Financial liabilities	304.93	466 14
Variable rate instruments:		
Financial liabilities	6,146.51	5,016.42
Fixed rate instruments exposed to interest rate risks	**6,451.44**	**5,482.56**

Interest rate sensitivity:
Sensitivity analysis for fixed-rate instruments
There is no impact on the profit or loss on account of fixed rate instruments.

Cash flow sensitivity analysis for variable-rate instruments
The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Effect on profit before tax 31 March 2022	Effect on profit before tax 31 March 2021
Increase of 100 basis points	INR	61.47	50 16
Decrease in 100 basis points	INR	(61.47)	(50.16)

(vi) Foreign currency risk

The Group is exposed to currency risk on certain transactions that are denominated in a currency other than the entity's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign currency (FC) risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks It hedges a part of these risks by using derivative financial instruments. The information on derivative instruments is as follows.

(Amount in ₹ millions)

Particulars	Currency	As at 31 March 2022		As at 31 March 2021	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Forward contract (to hedge net receivables)	USD	10 93	828.05	12.36	903.27
No. of Contracts		21		20	
Forward contract (to hedge net receivables)	EUR	4 65	391 20	8 75	750 31
No of Contracts		10		11	
Forward contract (to hedge net receivables)	EURUSD	-	-	1.80	154 35
No. of Contracts		-		3	
Forward contract (to hedge borrowing)	USD	-	-	7.69	561.99
No. of Contracts		-		6	
Forward contract (to hedge borrowing)	EURUSD	-	-	1.00	85.75
No. of Contracts		-		2	

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities when revenue and expense is denominated in a foreign currency.

(Amount in ₹ millions)

The following table presents foreign currency risk from financial instruments as of:

Particulars	Currency	As at 31 March 2022		As at 31 March 2021	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Trade receivables	USD	19.28	1,461.28	11.63	850 51
	EUR	11.42	961.79	9.54	817.96
Cash and cash equivalents	USD	0.76	57.60	0.22	15.91
	EUR	0 52	43.79	0.42	35.89
Trade payables	USD	0.36	27.29	0.38	27.97
	EUR	2.66	224.03	1.95	167.22
	JPY	-	-	39.31	25.99
	GBP	*	0 32	0.16	16.42
	CHF	0.01	0.82	-	-
Borrowings	USD	9.29	704.11	3 76	275.03
	EUR	-	-	0.18	15.01

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44 Financial risk management (continued)

(vi) Foreign currency risk (continued)

Sensitivity analysis (Amount in ₹ millions)

Particulars	Percentage movement	Effect on profit before tax		Effect on equity	
		Strengthening	Weakening	Strengthening	Weakening
31 March 2022					
USD	4%	31.50	(31.50)	23.57	(23.57)
EURO	2%	15.63	(15.63)	11.70	(11.70)
CHF	6%	0.05	(0.05)	-	-
31 March 2021					
USD	2%	16.90	(16.90)	12.65	(12.65)
EURO	2%	20.15	(20.15)	15.08	(15.08)
JPY	4%	(1.30)	1.30	(0.97)	0.97
GBP	2%	(1.15)	1.15	(0.86)	0.86

* GBP 3,226 not presented above due to rounding off to nearest million.

45 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed.

The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio and implements capital structure improvement plan when necessary.

The Group uses debt ratio as a capital management index and calculates the ratio as net debt divided by total equity. Net debt and total equity are based on the amounts stated in the financial statements.

(Amount in ₹ millions)

Particulars	As at 31 March 2022	As at 31 March 2021
Gross debt*	7,474.21	6,418.65
Less : Cash and cash equivalent and other bank balances	503.28	651.42
Net debt (A)	**6,970.93**	**5,767.23**
Total equity (B)**	**10,353.16**	**8,887.41**
Debt ratio (A / B)	**0.67**	**0.65**

* Gross debt includes non-current borrowings, current borrowings, current maturities of long term debts, lease liabilities and accrued interest.

** Total equity incudes Equity share capital, instruments entirely equity in nature and other equity.

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(Amount in ₹ millions)

46 Cash flow disclosures

Reconciliation between opening and closing balances in the consolidated balance sheet for liabilities arising from financing activities:

Particulars	Opening balance	Cash flows		Non-cash movements	Closing balance
	1 April 2021	Proceeds	Repayments	Fair value changes	31 March 2022
Non-current borrowings	2,930.24	1,606.01	(1,099.93)	(6.02)	3,430.30
Current borrowings *	2,552.32	464.91	-	3.91	3,021.13
Total liabilities from financing activities	**5,482.56**	**2,070.91**	**(1,099.93)**	**(2.11)**	**6,451.43**

Particulars	Opening balance	Cash flows		Non-cash movements	Closing balance
	1 April 2020	Proceeds	Repayments	Fair value changes	31 March 2020
Non-current borrowings	2,813.65	1,099.93	(979.92)	(3.42)	2,930.24
Current borrowings *	3,554.12	-	(992.26)	(9.54)	2,552.32
Total liabilities from financing activities	**6,367.77**	**1,099.93**	**(1,972.18)**	**(12.96)**	**5,482.56**

* Current borrowings are disclosed net of proceeds/repayments

47 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is in the business of manufacture and sale of automobile components, which in the context of Ind AS 108 'Segment Information' represents single reportable business segment. The entire operations are governed by the same set of risk and returns. Accordingly, these operations represent a single segment. The revenues, total expenses and net profit as per the consolidated statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

(i) Geographical information

Geographic segmentation is based on business sourced from specific geographic regions

(Amount in ₹ millions)

(a) Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
India	12,895.32	10,173.04
Europe	4,498.95	3,753.41
USA	1,774.14	1,102.69
Other foreign countries	721.91	463.57
Total	**19,890.32**	**15,492.71**

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47 Segment reporting (continued) (Amount in ₹ millions)

(b) Non-current assets

Particulars	As at 31 March 2022	As at 31 March 2021
India	12,546.02	10,815.83
Other foreign countries	1,281.83	1,283.04
Total	**13,827.85**	**12,098.87**
Reconciling items:		
Income tax assets	28.30	27.14
Other non-current financial assets	408.60	335.57
Total non-current assets	**14,264.75**	**12,461.58**

48 Impairment

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at each entity level, which is represented as separated CGU's

The carrying value of goodwill, entity wise is as follows: (Amount in ₹ millions)

Entity acquired	As at 31 March 2022	As at 31 March 2021
Fitwel Tools and Forgings Private Limited ('Fitwel')	146.72	146.72
Sansera Sweden AB ('Sansera Sweden')	211.65	176.92
Exchange differences on translation of foreign operations	(6.12)	34.73
	205.53	211.65
Total carrying value	**352.25**	**358.37**

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each assumption mentioned below:

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate*	12% - 17%	12%-15%
Terminal growth rate **	2% - 4%	2% - 4%
Operating margins	11%/16% - 15%/17%	4%/9% - 13%/16%

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company These estimates are likely to differ from future actual results of operations and cash flows

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The Group does its impairment evaluation on an annual basis and as of 31 March 2022, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Group has performed sensitivity analysis for all key assumptions, including the cash flow projections, consequent to the change in estimated future economic conditions arising from the possible effects due to COVID-19 and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount.

As of 31 March 2022, the estimated recoverable amount of each of the CGU's exceeded its carrying amount by ₹ 620.67 million (Fitwel Tools and Forgings Private Limited) and ₹ 1,057.78 million (Sansera Sweden AB), hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

49 **Additional Information pursuant to paragraph 2 of division II of Schedule III to Companies Act, 2013 General Instruction for preparation of consolidated financial statements**

(Amount in ₹ millions)

Name of the entity	As at/for the year ended 31 March 2022							
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive	Amount	As % of total comprehensive income	Amount
Parent								
Sansera Engineering Limited	99.64 %	10,336.67	97.17 %	1,281.57	(132.21)%	19.29	99.74 %	1,300.86
Subsidiary								
Sansera Sweden AB	0.68 %	70.15	(1.03)%	(13.56)	0.00 %	-	(1.04)%	(13.56)
Sansera Engineering Pvt. Ltd., Mauritius	7.80 %	807.12	0.20 %	2.70	0.00 %	-	0.21 %	2.70
Fitwel Tools and Forgings Private Limited	3.85 %	398.61	3.63 %	47.90	0.69 %	(0.10)	3.66 %	47.80
Non-controlling interest	1.15 %	119.34	1.09 %	14.37	0.21 %	(0.03)	1.10 %	14.34
Elimination on account of Consolidation	(13.32)%	(1,378.73)	(1.07)%	(14.09)	231.32 %	(33.75)	(3.67)%	(47.84)
Consolidated net assets/loss after tax	**100.00 %**	**10,353.16**	**100.00 %**	**1,318.89**	**100.00 %**	**(14.59)**	**100.00 %**	**1,304.30**

(Amount in ₹ millions)

Name of the entity	As at/for the year ended 31 March 2021							
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive	Amount	As % of total comprehensive income	Amount
Parent								
Sansera Engineering Limited	99.85 %	8,874.37	89.10 %	978.80	(86.81)%	(17.58)	85.91 %	961.22
Subsidiary								
Sansera Sweden AB	0.95 %	84.85	5.12 %	56.20	0.00 %	-	5.02 %	56.20
Sansera Engineering Pvt. Ltd., Mauritius	10.28 %	913.42	0.43 %	4.75	0.00 %	-	0.42 %	4.75
Fitwel Tools and Forgings Private Limited	3.95 %	350.80	5.69 %	62.48	(8.74)%	(1.77)	5.43 %	60.71
Non-controlling interest	1.18 %	104.99	1.71 %	18.74	(2.62)%	(0.53)	1.63 %	18.21
Elimination on account of Consolidation	(16.21)%	(1,441.02)	(2.04)%	(22.37)	198.18 %	40.13	1.59 %	17.76
Consolidated net assets/loss after tax	**100.00 %**	**8,887.41**	**100.00 %**	**1,098.60**	**100.00 %**	**20.25**	**100.00 %**	**1,118.85**

Interest in other entities

Subsidiary companies:

The consolidated Ind AS financial statements of the Group includes subsidiary companies listed in the table below:

Name of the entity	Country of incorporation	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)
		31 March 2022		31 March 2021	
Sansera Sweden AB	Sweden	100%	-	100%	-
Sansera Engineering Pvt Ltd., Mauritius	Mauritius	100%	-	100%	-
Fitwel Tools and Forgings Private Limited	India	70%	30%	70%	30%

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50 The Group has considered various internal and external sources consisting of feedback from the customers and the market trends, up to the date of approval of the consolidated financial statements in determining the impact, if any, arising from the pandemic on various elements of its consolidated financial statements. The Group has used the principles of prudence in applying judgments, estimates and assumptions and based on its current estimates, the Group expects to recover the carrying value of its financial and non-financial assets, including tangible assets and meet its financial obligations in the normal course of business. The eventual outcome of the possible impact of the pandemic may be different from that estimated as on the date of approval of these consolidated financial statements. The Group will continue to monitor any material changes to future economic conditions and consequential impact on its consolidated financial statements

51 The Code on Social Security, 2020 ("the Code) which would impact the contributions by the Group towards Provident Fund and Gratuity has received Presidential assent in September 2020. The Code have been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Group will complete its evaluation and will give appropriate impact in its consolidated financial Statements in the period in which the Code becomes effective and the related rules are published

52 Additional Regulatory Information:

a) There are no transactions or balances with Companies which have been removed from the Register of Companies (Struck off Companies), during the year ended/as at 31 March 2022

b) The Group has not traded/invested in Cryptocurrency/Virtual currency.

c) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

d) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

e) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (su as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

53 The Board of Directors have recommended final dividend of ₹ 2 per equity share having face value of ₹ 2 each for the year ended 31 March 2022, subject to approval of shareholders

54 The Board of Directors of the Company have approved these Consolidated Financial Statements of the Company in their meeting held on 23 May 2022

for Sansera Engineering Limited
CIN: L34103KA1981PLC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 23 May 2022

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PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]

^ *Based on beneficiary position as on [●], 2024.*

* *The details of the proposed Allottees have been intentionally left blank and will be filled in before issuing of the Placement Document to such proposed Allottees.*

The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

For and on behalf of the Board, signed by:

Subramonia Sekhar Vasan
Chairman and Managing Director
DIN: 00361245

Date:
Place:

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act and the rules made thereunder;

(ii) the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

For and on behalf of the Board, signed by:

Subramonia Sekhar Vasan
Chairman and Managing Director
DIN: 00361245
Date:
Place:

I am authorized by the Board of our Company, through resolution dated to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Subramonia Sekhar Vasan
Chairman and Managing Director
DIN: 00361245
Date:
Place:

SANSERA ENGINEERING LIMITED

Registered and Corporate Office: Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India

Website: www.sansera.in

Telephone: +91 80 2783 9081/ 9082/ 9083; **Fax:** +91 80 2783 9309; **E-mail:** rajesh.modi@sansera.in

Corporate Identity Number: L34103KA1981PLC004542

Company Secretary and Compliance Officer: Rajesh Kumar Modi

BOOK RUNNING LEAD MANAGERS

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025
Maharashtra, India

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11 Plot F,
Shivsagar Estate, Dr. Annie Besant Road, Worli,
Mumbai – 400 018, Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

M/s. Deloitte Haskins & Sells, Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru – 560 001
Karnataka, India

LEGAL COUNSEL TO OUR COMPANY
As to Indian law

Khaitan & Co
3rd Floor, Embassy Quest
45/1 Magrath Road
Bengaluru – 560 025
Karnataka, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS
As to Indian law

J. Sagar Associates
Sandstone Crest
Sushant Lok Phase 1
Gurgaon – 122 009
Haryana, India

International legal counsel

Duane Morris & Selvam LLP
16 Collyer Quay #17-00
Singapore 049318

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

(Note: The format of the Application Form included herein below is for reference and for the purposes of compliance with applicable law only, and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in this Issue should be made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below.)

SANSERA ideas@work **SANSERA ENGINEERING LIMITED**	**APPLICATION FORM**
(Incorporated in the Republic of India under the provisions of the Companies Act, 1956) **Registered and Corporate Office**: Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India **CIN**: L34103KA1981PLC004542; **Website**: www.sansera.in; **Telephone**: +91 80 2783 9081/ 9082/ 9083; **Email:** rajesh.modi@sansera.in **Contact person**: Rajesh Kumar Modi, Company Secretary and Compliance Officer **LEI No**: 335800XI377HHFNG6381 | **ISIN:** INE953O01021	**Name of the Bidder:** ________________________ **Form. No.:** ________________________________ **Date:**______________________________________

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING UP TO ₹[●] MILLION* UNDERTAKEN IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY SANSERA ENGINEERING LIMITED (THE "COMPANY" OR THE "ISSUER", AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹1,635.48 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRICE, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; (ii) hold a valid and existing registration under the applicable laws in India (as applicable); (iii) are eligible to invest in the Issue and submit this Application Form, and (iv) are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in 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 any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see the section entitled "*Selling Restrictions*" in the accompanying preliminary placement document dated October 10, 2024 (the "PPD"). See the section entitled "*Purchaser Representations and Transfer Restrictions*" in the PPD for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH FEMA RULES. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH PORTFOLIO INVESTMENT SCHEME AND SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED UNDER THE FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. BIDDERS WHO ARE AIFS SHOULD ALSO ENSURE COMPLIANCE WITH THE PROVISIONS OF SEBI CIRCULAR NUMBER SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/135 DATED OCTOBER 8, 2024, TO THE EXTENT APPLICABLE. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

** Subject to allotment of Equity Shares pursuant to the Issue.*

To,

The Board of Directors
Sansera Engineering Limited
Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India

STATUS (Insert '✓' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*

Dear Sirs,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions mentioned in the other sections of the PPD and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are an Eligible QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules. We are not a promoter (as defined in SEBI ICDR Regulations) of the Company, or any person related to the Promoters, directly or indirectly and the Bid does not directly or indirectly represent the Promoters or members of the Promoter Group, or persons or entities related to the Promoters. Further, we confirm that we do not have any right under the shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters, veto rights or right to appoint any nominee director on the board of the Company. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

MF	Mutual Funds	**IF**	Insurance Funds
FPI	Eligible Foreign Portfolio Investor**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI- NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others ______________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD.

** Sponsor and Manager should be Indian owned and controlled.*

*** Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

We confirm that the Bid size / aggregate number of Equity Shares applied for by us, and which may be Allotted to us thereon will not exceed the relevant regulatory or approved limits under applicable laws. We confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us, if applicable, in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares bid for under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We note that the Company or any duly authorized committee thereof, is entitled, in consultation with ICICI Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited, the book running lead managers in relation to the Issue (the "**BRLMs**") in its absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, the Placement Document (when issued) and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be Allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for, has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name, and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form. We acknowledge and agree that we have not/shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further understand, agree and consent that: (i) our names, address, PAN, phone number, bank account details, email-id, and the number of Equity Shares Allotted, along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware that our names will be included in the Placement Document as "proposed allottees", if applicable, along with the number of Equity Shares proposed to be Allotted to us, and the percentage of our post-Issue shareholding in the Company pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Karnataka at Bengaluru as required in terms of the PAS Rules. We are also aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5.00% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and BSE Limited (together, the **"Stock Exchanges"**), and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and restriction on transferability. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and restriction on transferability, as may be applicable to us. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections entitled *"**Notice to Investors**", "**Representations by Investors**", "**Issue Procedure**", "**Selling Restrictions**"* and *"**Purchaser Representations and Transfer Restrictions**"* of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of whom is entitled to rely on and is relying on these representations, warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section entitled "***Risk Factors***" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when issued), this Application Form, the CAN (when issued), and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with the BRLMs, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLMs; and (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office. For the purposes of this representation: the expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (10) we agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document (when issued), this Application Form, the CAN (when issued), and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; (11) we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares; (12) no action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction; (13) we satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares; (14) we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and 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 and that the Equity Shares are only being offered and sold only outside the United States in in "offshore transactions" as defined in and in reliance on Regulation S; and (15) we are located outside the United States (as defined in Regulation S) and we are not submitting this Application Form as a result of any "directed selling" efforts (as defined in Regulation S).

By signing and/or submitting this Application Form, we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and unless so registered, may not be offered or sold in 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 any applicable U.S. state securities laws. We hereby represent that we are located outside the United States and are purchasing the Equity Shares in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act and in accordance with the applicable laws of the jurisdictions where such offers and sales are made. We confirm that we have read and hereby make the representations, warranties, acknowledgments and agreements contained in the sections titled "***Selling Restrictions***" and "***Purchaser Representations and Transfer Restrictions***"of the PPD.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
TELEPHONE NO.		**FAX NO.**	
EMAIL ID			
LEI			
FOR ELIGIBLE FPIs**	**SEBI FPI Registration Number:**	**For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs/IFs**	**SEBI AIF / MF/ VCF Registration Number / RBI Registrations details for SI-NBFCs / IRDAI Registration details for ICs**

* *Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*

** *In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

*** *Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue. Bidders who are AIFs should also ensure compliance with the provisions of SEBI circular number SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/135 dated October 8, 2024, to the extent applicable.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLMs will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY 3.00 P.M. (IST), [●], [●]	
Name of the Account	SANSERA ENGINEERING LTD – QIP ESCROW A/C
Name of the Bank	[●]

Address of the Branch of the Bank	[●]
Account Type	[●]
Account Number	[●]
LEI Number	[●]
IFSC	[●]
Tel No.	[●]
E-mail	[●]

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic fund transfers, in favor of "SANSERA ENGINEERING LTD – QIP ESCROW A/C". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS									
Depository Name	National Securities Depository Limited								Central Depository Services (India) Limited
Depository Participant Name									
DP – ID	I	N							
Beneficiary Account Number									(16-digit beneficiary A/c. No. to be mentioned above)
The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purposes of refund, if any, only the bank account details as mentioned below, from which remittance towards subscription has been made, will be considered.**									

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)		(In words)	

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
LEI Number	
Date of Application	
Signature of Authorized Signatory (may be signed either physically or digitally)**	

ENCLOSURES TO BE SUBMITTED*

Attested/ certified true copy of the following:

- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ FIR
- ☐ Copy of IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of Power of Attorney
- ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*
***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:
(1) *Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.*
(2) *The Application Form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLMs.*
(3) *This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.*
(4) *The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.*