Placement Document
Not for circulation and strictly confidential
Serial No._______

CRAFTSMAN AUTOMATION LIMITED

Craftsman Automation Limited ("**Company**") was originally incorporated as Craftsman Automation Private Limited on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Tamil Nadu at Madras. Pursuant to the conversion of our Company to a public limited company and as approved by the Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the Registrar of Companies, Coimbatore, Tamil Nadu ("**RoC**") issued a fresh certificate of incorporation dated May 4, 2018. For further details, see "***General Information***" beginning on page 517.

Registered Office: 123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India;
Corporate Office: Krishna Towers, 4th and 5th floor, 1087, Avinashi Road, Coimbatore 641 037, Tamil Nadu, India;
Tel: +91 422 716 5000; **Website**: www.craftsmanautomation.com; **Email**: investor@craftsmanautomation.com;
Contact Person: Shainshad Aduvanni, Company Secretary and Compliance Officer;
Corporate Identity Number: L28991TZ1986PLC001816

Issue of up to 27,27,272 equity shares of face value of ₹5 each ("**Equity Shares**") at a price of ₹4,400.00 per Equity Share ("**Issue Price**"), including a premium of ₹4,395.00 per Equity Share, aggregating up to ₹1,20,000 lakhs ("**Issue**"). For further details, see "***Summary of the Issue***" beginning on page 32.

THE 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 ("SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED ("PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED ("COMPANIES ACT, 2013").

Our 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 prices of the Equity Shares on NSE and BSE as on June 14, 2024 were ₹4,713.10 and ₹4,707.40 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to 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, from NSE and BSE, each dated June 18, 2024. Our Company shall make applications to the Stock Exchanges to obtain 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 PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED BELOW) IN RELIANCE UPON CHAPTER VI OF THE 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. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO OFFER OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT HAS BEEN CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES WERE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU ARE NOT AUTHORISED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENT IN EQUITY SHARES INVOLVES 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 "*RISK FACTORS*" BEGINNING ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

A copy of the Preliminary Placement Document and this Placement Document which include disclosures prescribed under Form PAS-4 have been delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the RoC, within the stipulated period as required under the Companies Act, 2013 and PAS Rules. The Preliminary Placement Document and this Placement Document have not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, RoC or any other listing or regulatory authority and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document have not been filed as a prospectus with the RoC and have not been circulated or distributed to the public in India or any other jurisdiction, and this Issue does not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares made pursuant to this Placement Document was meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

Invitations, offers and sales of the Equity Shares to be issued pursuant to the Issue have only been made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note (*each as defined hereinafter*). For further details, please see "***Issue Procedure***" beginning on page 227. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs, to whom this Placement Document is specifically addressed, and persons retained by such 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 Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("**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 state securities laws. Accordingly, the Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulations S**") and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the section "***Selling Restrictions***" beginning on page 243 for information about eligible offerees for the Issue and "***Transfer Restrictions and Purchaser Representations***" beginning on page 251 for information about transfer restrictions that apply to the Equity Shares sold in the Issue. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs".

Any information on the websites of our Company, our Subsidiaries or Joint Venture, as applicable, or any other website directly or indirectly linked to such websites, or the websites of the Lead Manager (*as defined hereinafter*) or of their respective affiliates, does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in the Issue.

This Placement Document is dated June 21, 2024.

LEAD MANAGER
AXIS CAPITAL
AXIS CAPITAL LIMITED

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of our knowledge and belief, having made all reasonable enquiries, this Placement Document contains information with respect to us and the Equity Shares which our Company considers material in the context of the Issue. The statements contained in this Placement Document relating to our Company, our Subsidiaries and our Joint Venture, and the Equity Shares are, in every material respect, true, accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to our Company, our Subsidiaries and our Joint Venture, and the Equity Shares to be issued pursuant to the Issue 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 our Joint Venture. There are no other facts in relation to our Company, our Subsidiaries and our Joint Venture, and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this 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 Placement Document is provided as on the date of this Placement Document and neither our Company nor the Lead Manager has any obligation to update such information to a later date.

Distribution of this Placement Document to any person other than the Eligible QIBs specified by the Lead Manager or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any offering material in connection with the Equity Shares.

The information contained in this Placement Document has been provided by our Company and from other sources identified herein. The Lead Manager has not separately verified all the information contained in the Preliminary Placement Document and this Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Manager nor its shareholders, employees, counsel, officers, directors, representatives, agents, associates or other affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager or by its shareholders, employees, counsels, officers, directors, representatives, agents, associates or other affiliates as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information supplied in connection with us and the Equity Shares or the Issue or distribution of the Preliminary Placement Document and this Placement Document. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied on either the Lead Manager or on its 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, Subsidiaries and Joint Venture and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this 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 the Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as on any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI, the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

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 state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold by our Company (a) in the United States only to persons reasonably believed to be 'qualified institutional buyers' (as defined in Rule 144A under the U.S. Securities Act) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act and (b) outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made. For further details, see "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" beginning on pages 243 and 251, respectively.

Subscribers and purchasers of the Equity Shares offered in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements set forth in the sections "***Representations by Investors***" and "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" beginning on pages 4, 243 and 251, respectively, of this Placement Document.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted by applicable laws in certain countries or jurisdictions. As such, this 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 taken by our Company and the Lead Manager which would permit an offering of the Equity Shares or distribution of this Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document nor this Placement Document any offering material in connection with the Equity Shares 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. For further details, see "***Selling Restrictions***" beginning on page 243.

In making an investment decision, prospective investors must rely on their own examination of our Company, Subsidiaries and Joint Venture, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of the Preliminary Placement Document or this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsels and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Lead Manager is making any representation to any investor, subscriber, offeree or purchaser of the Equity Shares regarding the legality or suitability of an investment in the Equity Shares by such investor, subscriber, offeree or purchaser under applicable laws or regulations. Prospective investors should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Placement Document, you should consult an authorised financial advisor and/or legal advisor.

Each Bidder, investor, subscriber or purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it 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, 2013 and Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013, and is not prohibited by SEBI or any other statutory, regulatory or judicial authority from buying, selling or dealing in securities, including the Equity Shares or otherwise accessing the capital markets in India. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document does not purport to contain all the information that any Eligible QIB may require. Further, this Placement Document has been prepared for information purposes only and upon the express understanding that it will be used for the purposes set forth herein.

Neither our Company nor the Lead Manager undertakes to update this Placement Document to reflect subsequent events after the date of this Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with our Company. Neither the delivery of this Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof.

Our Company and the Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this 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 Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not ultimately result in triggering a tender offer under the SEBI Takeover Regulations and the Eligible QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

The information available on or through our Company's website (www.craftsmanautomation.com), or any website directly or indirectly linked to the website of our Company, Subsidiaries and Joint Venture or the website of the Lead Manager, or their respective affiliates, does not constitute or form part of this Placement Document and prospective investors should not rely on the information contained in or available through any such websites. This Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

NOTICE TO INVESTORS IN THE UNITED STATES

THE EQUITY SHARES HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PLACEMENT DOCUMENT OR APPROVED OR DISAPPROVED THE EQUITY SHARES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR COMPANY AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE LAW OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144(a) UNDER THE U.S. SECURITIES ACT) PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET OUT IN SECTION 4(A)(2) OF THE U.S. SECURITIES ACT AND (B) OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS", AS DEFINED, AND IN RELIANCE ON, REGULATION S UNDER AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES ARE MADE. THE EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER THE SECTIONS "SELLING RESTRICTIONS" AND "TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS" BEGINNING ON PAGES 243 AND 251, RESPECTIVELY.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see the sections "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" beginning on pages 243 and 251, respectively.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the Bidders in the Issue. By Bidding and/ or subscribing to any Equity Shares under the Issue, you are deemed to have made the representations, warranties, acknowledgements and agreements set forth in the sections "***Notice to Investors***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" beginning on pages 1, 243 and 251, respectively, and to have represented, warranted and acknowledged to and agreed with our Company and the Lead Manager as follows:

1. 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 Joint Venture which is not set forth in the Preliminary Placement Document and this Placement Document;

2. 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;

3. 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;

4. 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 Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, 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 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 or dealing in securities or otherwise accessing the capital markets;

5. You are aware that in terms of the SEBI FPI Regulations (as defined hereinafter) and 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 the 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. Since FVCIs (as defined hereinafter) are not permitted to participate in the Issue, you confirm that you are not an FVCI;

6. 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;

7. If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, 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. For more information, please see the sections "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" beginning on pages 243 and 251, respectively;

8. You are aware that the Preliminary Placement Document and this Placement Document have 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. The Preliminary Placement Document and this 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;

9. 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 the 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;

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

11. 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 Placement Document), and will honour such obligations;

12. You are aware that, our Company, the Lead Manager 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 Lead Manager. The Lead Manager or any of its 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;

13. 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 Lead Manager 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 Lead Manager has 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;

14. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in the 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;

15. 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;

16. All statements other than statements of historical fact included in this 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. Such forward-looking statements are based on numerous assumptions regarding our 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 Placement Document. Neither our Company nor the Lead Manager 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 Placement Document;

17. 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 Lead Manager;

18. You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document does 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 Lead Manager;

19. You are aware that if 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 respective websites and you consent to such disclosures;

20. You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including in particular, "***Risk Factors***" beginning on page 39;

21. 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 the Preliminary Placement Document and this 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;

22. Neither our Company, the Lead Manager 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). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Manager or any of its 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 Lead Manager 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;

23. 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.

24. 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, (ii) will not look to our Company and/or the Lead Manager 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) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) 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; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in equity shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

25. If you are acquiring the Equity Shares to be issued pursuant to the Issue 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;

26. You are not a 'promoter' (as defined under the Companies Act, 2013 and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoter, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoter', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

27. You have no rights under a shareholders' agreement or voting agreement entered into with our Promoter or members of the Promoter Group or persons related to the Promoter, 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 Promoter);

28. 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;

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

30. 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;

31. 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;

32. 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 our 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 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 under Regulation 2(1)(e) of the SEBI Takeover Regulations;

33. 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;

34. 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 the Issue will be obtained in time or at all. Neither our Company nor the Lead Manager 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;

35. You are aware and understand that the Lead Manager has entered into a Placement Agreement with our Company whereby the Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

36. You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and that neither the Lead Manager nor any person acting on its 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 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 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 which you have relied in committing yourself to acquire the Equity Shares is contained in this 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 Lead Manager or our Company or any other person, and the Lead Manager 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 Lead Manager and its 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;

37. You understand that the Lead Manager or any of its 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;

38. You are able to purchase the Equity Shares in accordance with the restrictions described in "***Selling Restrictions***" beginning on page 243 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Selling Restrictions***" beginning on page 243;

39. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "***Transfer Restrictions and Purchaser Representations***" beginning on page 251 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Transfer Restrictions and Purchaser Representations***" beginning on page 251;

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

41. 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;

42. You agree to indemnify and hold our Company, the Lead Manager 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 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;

43. You have made the payment for subscription to the Equity Shares pursuant to the Issue from your own bank account. In case of joint holders, the monies have been paid from the bank account of the person whose name appears first in the application;

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

45. You are aware and understand that you were 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 Lead Manager;

46. You represent that you are not an affiliate of our Company or the Lead Manager or a person acting on behalf of such affiliate. However, affiliates of the Lead Manager, 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. For further details, please see "***Offshore Derivative Instruments***" beginning on page 11;

47. If you are within the United States, you are a U.S. QIB, who is or are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the definition of a U.S. QIB for investment purposes only, and not with a view to, or for offer or sale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

48. If you are outside the United States, you are purchasing the Equity Shares in an "offshore transaction", as defined in, and in reliance on, Regulation S of the U.S. Securities Act and in compliance with laws of all jurisdictions applicable to you;

49. You are not acquiring or subscribing for the Equity Shares as a result of any "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S of the U.S. Securities Act) and you understand and agree that offers and sales are being made in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof;

50. You are able to purchase the Equity Shares in accordance with the restrictions described in "***Selling Restrictions***" on page 243 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Selling Restrictions***" on page 243 and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

51. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "***Transfer Restrictions and Purchase Representations***" on page 251 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Transfer Restrictions and Purchaser Representations***" on page 251;

52. You understand and agree that the Equity Shares are transferrable only in accordance with the restrictions described under the sections "***Selling Restrictions***" beginning on page 243 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Transfer Restrictions and Purchaser Representations***" beginning on page 251, and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

53. You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on 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;

54. Our Company, the Lead Manager, 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 Lead Manager; and

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

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, Eligible FPIs (including affiliates of the Lead Manager) who are registered as a Category I FPI, 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 FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, such 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 compliance with such other conditions as may be specified by SEBI from time to time. 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 the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including 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% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors ("**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% 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 and Offshore Derivative Instruments position held in the underlying Indian company.

Further, in accordance with the Consolidated FDI Policy, read along with the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, and the related amendments to the FEMA Rules, investments made by an entity of a country, which shares land border with India, or investments 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 Consolidated FDI Policy. 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. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the Lead Manager 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 Lead Manager 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 Lead Manager and does not constitute any obligations of or claims on the Lead Manager.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures from 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 see the "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" beginning on the pages 243 and 251, respectively.

DISCLAIMERS

As required, a copy of the Preliminary Placement Document and this Placement Document have 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 the Preliminary Placement Document and this 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, our Joint Venture, our Promoter, our management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires 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 INFORMATION AND OTHER CONVENTIONS

Certain Conventions

In this 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)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to 'Craftsman', the 'Company', 'our Company', the 'Issuer' are to Craftsman Automation Limited, on a standalone basis, and references to 'we', 'our' or 'us' are to Craftsman Automation Limited, together with our Subsidiaries and Joint Venture on a consolidated basis.

Unless otherwise specified or the context otherwise requires, all references in this Placement Document to:

- "Rupee(s)", "Rs." Or "₹" or "INR" are to Indian Rupees, the legal currency of the Republic of India;
- "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable;
- the 'US' or 'U.S.' or the 'United States' or the 'U.S.A' are to the United States of America and its territories and possessions; and
- "EUR" or "€" are to Euro, the official currency of the European Union.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Placement Document in "lakh" units. One lakh represents 1,00,000. Our Company reports its financial statements in Indian Rupees.

Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Financial and other information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', or 'Fiscal' or 'FY' are to the twelve months 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.

In this Placement Document, we have included the following financial statements of our Company prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended read with Section 133 of the Companies Act, 2013 ("**Ind AS**")

(i) The audited consolidated financial statements of our Company, 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 changes in equity and the consolidated statement of cash flows for the year ended March 31, 2022, and the notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("**Fiscal 2022 Audited Consolidated Financial Statements**");

(ii) The audited consolidated financial statements of our Company, which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of profit and loss (including other comprehensive income and group's share of profit in joint venture), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended March 31, 2023, and the notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("**Fiscal 2023 Audited Consolidated Financial Statements**"); and

(iii) The audited consolidated financial statements of our Company, which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statement of profit and loss (including other comprehensive income and group's share of profit in joint venture), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended March 31, 2024, and the notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("**Fiscal 2024 Audited Consolidated Financial Statements**", and together with Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2022 Audited Consolidated Financial Statements, the **"Audited Consolidated Financial Statements"**).

The Audited Consolidated Financial Statements have been audited by our Statutory Auditors, Sharp & Tannan, Chartered Accountants, who have been appointed as our Statutory Auditors in accordance with Section 139 of the Companies Act, 2013, pursuant to a shareholders' resolution dated May 20, 2020, for a period of five years to conduct statutory audit for the year ended Fiscal 2021 until Fiscal 2026. For details, see "***Our Statutory Auditors***" beginning on page 277.

The Audited Consolidated Financial Statements should be read along with the respective audit reports thereon. Our Statutory Auditors have issued audit reports dated May 9, 2022, May 8, 2023 and April 27, 2024 on our Audited Consolidated Financial Statements as at and for Fiscals 2022, 2023 and 2024, respectively. For further details, see "***Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on page 278 and 86, respectively. The Audited Consolidated Financial Statements have been subjected to audit that has been performed in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as at and for Fiscals 2022, 2023 and 2024 included in this Placement Document have been derived from the Audited Consolidated Financial Statements.

In February 2023, our Company acquired 76% of the total paid-up equity share capital of DR Axion India Private Limited and therefore, Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements are not directly comparable with Fiscal 2022 Audited Consolidated Financial Statements.

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 Placement Document, nor does our Company provide a reconciliation of its Audited Consolidated Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements, as included in this Placement Document, prepared in accordance with Ind AS, will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

All numerical and financial information as set out and presented in this Placement Document, except for the information in the section "***Industry Overview***", for the sake of consistency and convenience have been rounded off or expressed in two decimal places in ₹ lakhs. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them and the sum or percentage change of such numbers may not conform exactly to the total figure given.

Non-GAAP financial measures

Certain non-GAAP Measures and certain other statistical information relating to our operations and financial performance including EBITDA, EBITDA Margin, Return on Capital Employed, Current Ratio, Return on Equity, Net Debt to EBITDA and Debt to Equity Ratio, ("**Non-GAAP Financial Measures**") have been included in this Placement Document. For details of these Non-GAAP Financial Measures, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations –Non-GAAP Financial Measures***" on page 102. These Non-GAAP Financial Measures are not defined under Ind AS and are not presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures relating to our financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Financial Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any 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 and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures 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 Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "***Financial Information***" and ***Risk Factors – Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***" beginning on pages 278 and 59, respectively.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by government bodies, professional organizations and industry publications, data from other external sources and knowledge of the markets in which we compete.

Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been obtained from the "Studying the automobile and automotive component business in India" dated May 2024, prepared by CRISIL MI&A ("**CRISIL Report**"), which is a report exclusively commissioned and paid for by our Company and prepared and issued by CRISIL MI&A pursuant to an engagement letter dated April 24, 2024, in connection with the Issue. CRISIL MI&A is not related in any manner to our Company, our Promoter, our Directors or Key Managerial Personnel or members of the Senior Management, our Subsidiaries, our Joint Venture or the Lead Manager.

Further, information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, neither the accuracy nor completeness of information contained in the CRISIL Report is guaranteed. The opinions expressed are not recommendation to buy, sell or hold an instrument. This data is subject to change and cannot be verified with complete certainty due to limitations on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

While we have taken reasonable care in the reproduction of the information from the CRISIL Report, neither we nor the Lead Manager have independently verified this market and industry data, nor do we or the Lead Manager make any representation regarding the accuracy or completeness of such 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 we have relied on internally developed estimates. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Lead Manager can assure potential Investors as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Further, the calculation of certain statistical and/ or financial information/ ratios specified in the sections titled "***Business***", **"*Risk Factors***", "***Management's Discussions and Analysis of Results of Operations and Financial Condition***" and otherwise in this 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.

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** – **Certain sections of this Placement Document disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.***" beginning on page 59.

Disclaimer of the CRISIL Report

The CRISIL Report is subject to the following disclaimer:

"*CRISIL Market Intelligence & Analytics (**CRISIL MI&A**), a division of CRISIL Limited (**CRISIL**) has taken due care and caution in preparing this report (**Report**) based on the information obtained by CRISIL from sources which it considers reliable (**Data**). This Report is not a recommendation to invest/disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Craftsman Automation Limited will be responsible for ensuring compliances and* *consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of and does not have access to information obtained by CRISIL Ratings Limited, which may, in its regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced/extracted in any form without CRISIL's prior written approval."*

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'can', 'estimate', 'expect', 'intend', 'likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'seek', 'shall', 'should', 'will', 'would', 'will likely result', 'is likely', 'are likely', '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.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. The forward-looking statements appear in a number of places throughout this 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.

These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements in this Placement Document (whether made by our Company 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 to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. 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 Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

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. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

Important factors that could cause our actual results, performance or achievements to differ materially from any of the forward-looking statements include, among others:

- we derive a significant portion of our revenue from our top 10 customers;
- we have not entered into any long-term contracts with our suppliers from whom we procure materials consumed by us for our manufacturing process and we depend on a select few suppliers for sourcing our raw materials;
- our plan to set up certain manufacturing facilities is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate;
- we intend to utilise a portion of the Net proceeds towards acquisition of 24.00% of the total paid-up equity share capital of our Subsidiary DR Axion which subject to completion of certain customary condition precedents;
- a slowdown or shutdown in our manufacturing operations or the under-utilization of our manufacturing facilities could have an adverse effect on our business, results of operations, financial condition and cash flows;
- we have substantial capital expenditure and working capital requirements and may require additional capital to meet those requirements;
- we operate in a competitive business environment and if we cannot respond adequately to the increased competition and consequent pricing pressures that we expect to face from existing players and new entrants, we will lose market share and our profits will decline;

- we have undertaken acquisitions, mergers, business transfer and strategic investments in the past and may continue to undertake such acquisitions, joint ventures, strategic investments, alliances, in the future, which may be difficult to integrate and manage;

- our inability to meet our obligations under our debt financing arrangements could adversely affect our business, results of operations and cash flows; and

- we are subject to risks arising from fluctuations in interest rate and foreign currency exchange rates.

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 titled "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", "***Industry Overview***" and "***Our Business***" beginning on pages 39, 86, 117 and 193, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of, 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, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

In any event, these statements included herein speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document. Our Company and the Lead Manager expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise in our Company's expectations with regard thereto.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company, limited by shares incorporated under the laws of India. All of our Directors, Key Managerial Personnel and members of Senior Management named herein are residents of India. A significant portion of our assets are located in India. As a result, it may be difficult for the investors outside India to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties 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 and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Code of Civil Procedure, 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 between parties litigating under the same title, except:

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

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

(iii) 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 recognize the law of India in cases in which such law is applicable;

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

(v) where the judgment has been obtained by fraud, or

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

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. 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 district court in India. 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.

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.

Each of the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, Hong Kong and United Arab Emirates, amongst others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought 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 viewed 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 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 judgment, 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 any such amount may be subject to income tax in accordance with applicable laws. Our Company and the Lead Manager 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

Fluctuations in the exchange rate between the Rupee and 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, for the periods indicated, information with respect to the exchange rates between the Rupee and the US Dollar, Euro and JPY (*in ₹*) based on the reference rates which are available on the website of www.fbil.org.in and www.xe.com. No representation is made that any Rupee amounts, could have been, or could be, converted into USD, Euro and JPY at any particular rate, the rates stated below, or at all.

Currency	**Exchange rate as on**		
	March 31, 2022	**March 31, 2023**	**March 31, 2024**
1 USD	75.81	82.22	83.37
1 Euro	84.66	89.61	90.22
100 JPY	62.23	61.80	55.09

Source: www.fbil.org.in and www.xe.com

Note: If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider while reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

The terms defined in this Placement Document shall have the meaning set out herein, unless specified otherwise in the context thereof, and references to any statute or regulations or policies shall include amendments, rules, guidelines, circulars, clarifications, and notifications issued thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Unless the context otherwise indicates, all references to "**Craftsman**", "**the Issuer**", "**the Company**", and "**our Company**", are references to Craftsman Automation Limited, on a standalone basis, a public limited company incorporated in India under the Companies Act, 1956 having its Registered Office at 123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India. Furthermore, unless the context otherwise indicates, all references to the terms "**we**", "**us**" and "**our**" are to our Company, our Subsidiaries and Joint Venture (*as defined below*) on a consolidated basis.

Notwithstanding the foregoing, terms used in the sections "***Industry Overview***", "***Taxation***", "***Legal Proceedings***" and "***Financial Information***" beginning on pages 117, 263, 274 and 278, respectively, shall have the meaning given to such terms in such sections.

Company related terms

Term	Description
Articles/ Articles of Association/ AoA	Articles of association of our Company, as amended
Audit Committee	The audit committee of our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Audited Consolidated Financial Statements	Collectively, Fiscal 2024 Audited Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2022 Audited Consolidated Financial Statements
Auditors/Statutory Auditors	The current statutory auditors of our Company, namely, Sharp & Tannan, Chartered Accountants
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof
Corporate Office	Krishna Towers, 4th and 5th Floor, 1087, Avinashi Road, Coimbatore 641 037, Tamil Nadu, India
Chief Financial Officer	The chief financial officer of our Company, CB Chandrasekar
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Shainshad Aduvanni
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209
CRISIL MI&A	CRISIL Market Intelligence & Analytics – a division of CRISIL Limited
CRISIL Report	The report titled "Studying the automobile and automotive component business in India" dated May 2024 prepared by CRISIL MI&A
Director(s)	The director(s) on the Board of our Company
DR Axion	DR Axion India Private Limited
Equity Shares	Equity shares of our Company of face value of ₹5 each
Fiscal 2022 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company, 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 changes in equity and the consolidated statement of cash flows for the year ended March 31, 2022, and the notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information
Fiscal 2023 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company, which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of profit and loss (including other comprehensive income and group's share of profit in joint venture), the consolidated statement of changes in equity and the consolidated statement of

Term	Description
	cash flows for the year ended March 31, 2023, and the notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information
Fiscal 2024 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company, which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statement of profit and loss (including other comprehensive income and group's share of profit in joint venture), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended March 31, 2024, and the notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information
Independent Director(s)	Independent director(s) on our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Joint Venture	The joint venture entered into by our Company, namely, Carl Stahl Craftsman Enterprises Private Limited as disclosed "***Organizational Structure – Joint Venture***" beginning on page 218
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Chairman and Managing Director	The chairman and managing director of our Company, Srinivasan Ravi
Memorandum/Memorandum of Association/MoA	Memorandum of association of our Company, as amended from time to time
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations
Promoter	The promoter of our Company in terms of SEBI ICDR Regulations and the Companies Act, 2013, namely, Srinivasan Ravi
Fund Raising Committee	The fund raising committee of our Board, comprising the members Srinivasan Ravi, Ravi Gauthamram and Sundararaman Kalyanaraman
Registered Office	123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India
Registrar of Companies/ RoC	The Registrar of Companies, Tamil Nadu at Coimbatore
Risk Management Committee	The risk management committee of our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Senior Management	Members of the senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Shareholders	The holders of the Equity Shares, from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209
Subsidiaries	Collectively, Craftsman Europe B.V. and DR Axion India Private Limited
Whole Time Director	Whole time director on our Board. For details, see "***Board of Directors and Senior Management***" beginning on page 209

Issue Related Terms

Term	Description
Allocated/ Allocation	Allocation of Equity Shares in connection with the Issue, in consultation with the Lead Manager, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms and Application Amount submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued pursuant to the Issue
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue and 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 or such amount transferred/ paid to the Escrow Bank Account, as application, including any revisions thereof
Application Form	Form (including any revisions thereof) which was submitted by the Eligible QIBs for registering a Bid in the Issue
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly

Term	Description
Bid Amount	The price per Equity Share indicated in the Bid multiplied by the number of Equity Shares Bid for by a Bidder and payable by the Bidder in the Issue on submission of the Application Form
Bid/ Issue Closing Date	June 21, 2024, the date after which our Company (or the Lead Manager on behalf of our Company) ceased acceptance of Application Forms and the Application Amount
Bid/ Issue Opening Date	June 18, 2024, the date on which our Company (or the Lead Manager on behalf of our Company) commenced acceptance of the Application Forms and the Application Amount
Bid/ Issue Period	Period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days during which Eligible QIBs submitted their Bids along with the Application Amount
Bidder(s)	An Eligible QIB, who has made a Bid pursuant to the terms of the Preliminary Placement Document, this Placement Document and the Application Form
Lead Manager	Axis Capital Limited
CAN/ Confirmation of Allocation Note	Note, advice or intimation to Successful Bidders confirming the Allocation of Equity Shares to such Successful Bidders 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 June 22, 2024
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees
Eligible FPIs	FPIs that were eligible to participate in the Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs which were eligible to participate in the Issue and which were 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. FVCIs are not permitted to participate in the Issue. In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act and within the United States persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act pursuant to Section 4(a)(2) of the U.S. Securities Act are eligible to participate in the Issue
Escrow Account	Non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened in the name and style "Craftsman Automation Limited – QIP Escrow Account 2024" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount payable by the Bidders in connection with the subscription to the Equity Shares pursuant to the Issue has been deposited by the Eligible QIBs and from which refunds, if any, shall be remitted, as set out in the Application Form
Escrow Agreement	Agreement dated June 18, 2024 entered into by and amongst our Company, the Escrow Bank and the Lead Manager for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited
Floor Price	Floor price of ₹4,426.11 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹26.11 per Equity Share, being equivalent to a discount of 0.60% on the Floor Price which is not more than 5% discount on the Floor Price in accordance with the approval of the Shareholders accorded by way of a special resolution dated May 27, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company
Issue	The offer, issue and Allotment of up to 27,27,272 Equity Shares each at a price of ₹4,400.00 per Equity Share, including a premium of ₹4,395.00 per Equity Share, aggregating up to ₹1,20,000 lakhs to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Price	A price per Equity Share of ₹4,400.00, including a premium of ₹4,395.00 per Equity Share
Issue Size	The aggregate size of the Issue, up to 27,27,272 Equity Shares aggregating up to ₹1,20,000 lakhs
Monitoring Agency	CRISIL Ratings Limited
Monitoring Agency Agreement	The agreement dated May 29, 2024 entered into between our Company and the Monitoring Agency
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue
Placement Agreement	Placement agreement dated June 18, 2024 entered into between our Company and the Lead Manager
Placement Document	This placement document dated June 21, 2024, issued in accordance with Chapter VI of

Term	Description
	the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document cum application form, dated June 18, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIB/ Qualified Institutional Buyer	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application 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	June 18, 2024 which is the date of the meeting in which the Board or any authorised committee of our Board decided to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and have been Allocated Equity Shares pursuant to the Issue
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

Conventional and General Terms/ Abbreviations

Term	Description
AGM/ Annual General Meeting	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category I FPI	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II FPI	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate identification number
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder
Companies Act, 2013/ Companies Act	The Companies Act, 2013 read with the rules, regulations, circulars, clarifications and modifications thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
Civil Procedure Code	The Code of Civil Procedure, 1908
COVID–19	A public health emergency of international concern as declared by World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (*formerly Department of Industrial Policy and Promotion*), GoI
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization which is calculated as profit before tax plus finance costs and depreciation, amortization and impairment expense
EGM	Extraordinary general meeting
Euro	Euro, the official single currency of the participating member states of the European Economic and Monetary Union of the Treaty establishing the European Community
FBIL	Financial Benchmark India Private Limited
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder

Term	Description
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Financial Year/Fiscal Year/FY/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FPIs	A foreign portfolio investor who has been registered under Chapter II of the SEBI FPI Regulations and shall be deemed to be an intermediary in terms of the provisions of the Securities and Exchange Board of India Act, 1992
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
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) registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross Domestic Product
GoI	The Government of India
GST	Goods and Services Tax
ICAI	Institute of Chartered Accountants of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IMF	International Monetary Fund
Income Tax Act	Income-tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Ind As Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016
Indian GAAP	Generally Accepted Accounting Principles in India
INR or ₹ or Rs. or Indian Rupees	Indian Rupee, the official currency of the Republic of India
IT	Information Technology
JPY	Japanese Yen, the official currency of Japan
MCA	The Ministry of Corporate Affairs, GoI
MoU	Memorandum of understanding
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NEAT	National Exchange for Automated Trading
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit after tax
PML Act	Prevention of Money Laundering Act, 2002, as amended
Offshore Derivative Instruments	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
Rs/Rupees/Indian Rupees/₹	The legal currency of India
Rule 144A	Rule 144A under the U.S. Securities Act
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	The Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992

Term	Description
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933
UPSI	Unpublished price sensitive information
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
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

Industry Related Terms

Term	Description
ASRS	Automated Storage and Retrieval Systems
BMS	Battery Management System
CAD	Computer Aided Design
CE	Construction Equipment
CNC	Computer Numerical Control
CTRs	Commercial Tool Rooms
CV	Commercial Vehicle
DC	Direct Current
EPC	Engineering, Procurement and Construction
EVs	Electric Vehicles
FMCG	Fast Moving Consumer Goods
HMCs	Horizontal Machining Centres
ICE	Internal Combustion Engine
LCV	Light Commercial Vehicle
MHCV	Medium and Heavy Commercial Vehicle
MHE	Material handling equipment
OMEs	Original Equipment Manufacturers
PV	Passenger Vehicle
SPMs	Special Purpose Machines
SUVs	Sports Utility Vehicles
ULCVs	Upper-end Light Commercial Vehicle
VMCs	Vertical Machining Centres
3PL	Third-Party Logistics

SUMMARY OF BUSINESS

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments: (i) Powertrain Segment; (ii) Aluminium Products Segment; and (iii) Industrial & Engineering Segment. Our comprehensive suite of products and solutions encompass design, process engineering and manufacturing which includes foundry, heat treatment, fabrication, machining and assembly facilities.

- *Powertrain Segment*: Our key products consists of highly engineered engine products such as cylinder blocks, cylinder heads, camshafts, transmission parts, gear box housings, turbo chargers and bearing caps. These products are used by original equipment manufacturers ("**OEMs**") in the production of commercial vehicles, special utility vehicles, tractors and off-highway vehicles.

- *Aluminium Products Segment*: We offer a wide range of aluminium products and solutions for precision components. This segment is equipped with an array of processes including high pressure die casting, low pressure die casting and gravity die casting machines for components manufacturing as well as machining tools and assembly lines. Our key products in this segment consist of highly engineered products including crankcase and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles, gear box housing for heavy commercial vehicle and aluminium products for power transmission.

- *Industrial & Engineering Segment*: Our in-house engineering and design capabilities have enabled us to develop a diverse product portfolio in this segment under two distinct sub-segments:

  - *Product Manufacturing Sub-segment*: This comprises solutions for conventional and automated storage and manufacturing of material handling equipment such as hoists and crane kits. Our offerings under storage solutions encompass pallets, racking, shelving, vertical storage solutions tailored to various sectors such as fast-moving consumer goods, e-commerce, food and beverages, logistics, pharmaceutical and electronics.

  - *High end Components and Sub-assemblies Sub-segment*: Under this sub-segment, we manufacture high-end precision products such as industrial gear and gear boxes, marine engines and accessories, special purpose machines ("**SPM**") for metal cutting and non-metal applications such as washing and leak testing solutions, tool room, mould base and sheet metal and also undertake sub-assembly for third-parties.

The following table sets forth financial information regarding our business segments:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except percentages)		
Powertrain Segment[3]			
Segment Revenue	1,15,435	1,52,709	1,55,837
Segment EBIT[1]	30,374	38,204	29,163
Segment EBIT Margin[2]	26.31%	25.02%	18.71%
Aluminium Products Segment[4]			
Segment Revenue	55,201	93,461	2,15,361
Segment EBIT[1]	4,097	7,732	32,203
Segment EBIT Margin[2]	7.42%	8.27%	14.95%
Industrial & Engineering Segment[4]			
Segment Revenue	51,066	72,090	73,975
Segment EBIT[1]	3,780	6,722	4,935
Segment EBIT Margin[2]	7.40%	9.32%	6.67%

[1] *Segment EBIT refers to segment results (profit before interest, tax and other unallocable items).*

[2] *Segment EBIT Margin is calculated as Segment EBIT divided by Segment Revenue.*

[3] *In Fiscal 2024, considering the increased prospects from non-automotive powertrain products, we renamed "Automotive-Powertrain and Others Segment" as "Powertrain Segment". On account of the aforesaid, no adjustments were required in the comparable period financial information.*

[4] *In Fiscal 2023, we made changes to our segment reporting. Based on the benefits of synergy and usage of similar resources, we carved out the aluminium products from our Industrial & Engineering Segment and included within our Automotive - Aluminium Products Segment and renamed it as "Aluminium Products Segment". In light of the above, the financial information for Aluminium Products Segment and Industrial & Engineering Segments for Fiscal 2022 which have been included in Fiscal 2023 Audited Consolidated Financial Statements, was reclassified. Accordingly, the financial information above for Aluminium Products Segment and Industrial & Engineering Segment for Fiscal 2022 has been derived from the comparable financial information included for Fiscal 2022 in Fiscal 2023 Audited Consolidated Financial Statements. Further, below are the financial information for our Aluminium Products Segment and Industrial & Engineering Segment for Fiscal 2022 which are derived from Fiscal 2022 Audited Consolidated Financial Statement:*

- *Segment Revenue: Aluminium Products – ₹ 44,049 lakhs, Industrial & Engineering – ₹ 62,218 lakhs*

- *Segment EBIT: Aluminium Products – ₹ 954 lakhs, Industrial & Engineering – ₹ 6,923 lakhs*
- *Segment EBIT Margin: Aluminium Products – 2.17%, Industrial & Engineering – 11.13%*

We have long term relationships with several domestic and global OEMs and component manufacturers across our three business segments. A majority of our revenue from operations is generated from our OEM customers. We have also been recognized by customers for the quality of our products. For details of our recent awards, see "***-Awards and Recognitions***" on page 206. Our track record and extensive product portfolio have enabled us to retain existing customers and acquire new customers.

We operate 15 strategically located manufacturing facilities across eight cities in India, with a total built up area of over 1.80 million square feet. Some of these manufacturing facilities are located in close proximity to some of our customers, allowing us to meet their delivery schedules, provide logistical advantages to our customers, and insulate them from local supply or other disruptions. Our manufacturing facilities are equipped with advanced machinery and equipment, engineered layout with process controls and necessary automations to enhance quality and productivity.

Our manufacturing operations are conducted from facilities which are operated by us, allowing us to maintain quality control and safety throughout our manufacturing processes. We also have a wholly-owned overseas subsidiary, Craftsman Europe B.V. (*formerly known as Craftsman Marine B.V.*), incorporated in the Netherlands in 2008. Through this overseas subsidiary, we engage in marketing, sales and servicing of marine engines and other associated equipment used in yachts. These products, branded as 'Craftsman Marine', are manufactured and assembled by us in India and exported to expand our presence in the European market. As we have grown our operations, we have along the way entered into joint ventures, which have helped us gain access to new customers, business segments, geographies, expertise and technologies. Our joint venture Carl Stahl Craftsman Enterprises Private Limited, located in India, is engaged in marketing, installation, commissioning and rendering after-sales services for material handling equipment such as chain hoists, rope hoists and cranes kits. These products are manufactured by us under the name "Carl Stahl Craftsman". Further, we acquired 76.00% of the equity share capital of DR Axion with effect from February 1, 2023, which manufactures aluminium cylinder heads and blocks for passenger vehicles through gravity and low-pressure die castings. This acquisition has helped us strengthen our presence in the passenger vehicle segment, provide process synergies, access the customer base of DR Axion. and provide opportunities for us to enter the e-mobility solutions market for passenger vehicles.

Our Promoter and also our Chairman and Managing Director, Srinivasan Ravi, is a mechanical engineer and a first-generation entrepreneur with over 37 years of relevant industry experience. In addition, we have an experienced Board of Directors, comprising our Chairman and Managing Director, our Whole-time Director and four Independent Directors. Our Key Managerial Personnel and members of Senior Management comprise members involved in operations, information technology, logistics, business, industrial engineering, administration and human resource development.

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased at a CAGR of 41.70% between Fiscal 2022 to Fiscal 2024 while our profit for the year increased at a CAGR of 43.82% between Fiscal 2022 and Fiscal 2024. The following table sets forth certain financial and other information for the years indicated:

Particulars	**As of/ for the year ended March 31,**		
	2022	**2023**	**2024**
Revenue from Operations (₹ lakhs)	2,21,702	3,18,260	4,45,173
EBITDA(1) (₹ lakhs)	54,194	69,663	89,692
EBITDA Margin(2) (%)	24.44%	21.89%	20.15%
Profit for the Year (₹ lakhs)	16,309	25,096	33,733
PAT Margin (%)	7.36%	7.89%	7.58%
Return on Capital Employed(3) (%)	20.59%	22.30%	21.58%
Return on Equity(4) (%)	15.49%	19.50%	21.15%
Net Debt(5)	67,212	1,10,538	1,46,341
Net Debt to EBITDA(6) (in times)	1.24	1.59	1.63
Debt to Equity Ratio(7) (in times)	0.63	0.80	0.88
Current Ratio(8) (in times)	1.05	1.20	1.16
Capital Expenditure(9) (₹ lakhs)	22,293	33,588	63,302
Capital Expenditure as a percentage of Revenue from Operations (%)	10.06%	10.55%	14.22%
Gross Block(10) (₹ lakhs)	2,50,309	3,13,033	3,73,924
Net Block(11) (₹ lakhs)	1,49,994	1,93,856	2,31,637

Particulars	As of/ for the year ended March 31,		
	2022	2023	2024
Interest Coverage Ratio[12] (in times)	6.43	5.79	5.14
Share Price (per Equity Share) (as on March 31 from NSE website) (₹)	2,358.40	3,255.30	4,314.90
Earning Per Share (₹)	77.19	117.56	144.11
Dividends for the Fiscal (₹ per Equity Share)	3.75	11.25	11.25

(1) *EBITDA is calculated as profit before tax plus finance costs and depreciation, amortization and impairment expense.*

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

(3) *Return on Capital Employed is calculated as EBIT divided by average capital employed. EBIT is calculated as profit before tax plus finance costs. Average capital employed is calculated as the average of opening and closing balance of capital employed and capital employed is calculated as total assets less current liabilities.*

(4) *Return on Equity is calculated as profit for the year divided by average shareholders' equity.*

(5) *Net Debt is calculated as total debt (sum of current borrowings and non-current borrowings) less cash and cash equivalents and other bank balances.*

(6) *Net Debt to EBITDA is calculated as Net Debt divided by EBITDA.*

(7) *Debt to Equity Ratio is calculated as total debt (sum of current borrowings and non-current borrowings) divided by total equity.*

(8) *Current Ratio is calculated as current assets divided by current liabilities.*

(9) *Capital Expenditure is calculated as property, plant and equipment additions plus other intangible assets additions and capital work in progress additions less capital work in progress disposals.*

(10) *Gross Block is calculated as property, plant and equipment gross block plus other intangible assets gross block and capital work in progress gross block.*

(11) *Net Block is calculated as property, plant and equipment plus capital work in progress and other intangible assets.*

(12) *Interest Coverage Ratio is calculated as EBITDA divided by finance costs.*

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 Placement Document, including "***Risk Factors***", "***Use of Proceeds***", "***Issue Procedure***", "***Placement and Lock-up***" and "***Description of the Equity Shares***" beginning on pages 39, 72, 227, 241 and 259, respectively.

Issuer	Craftsman Automation Limited
Face Value	₹5 per Equity Share
Issue Size	Aggregating up to ₹1,20,000 lakhs, comprising 27,27,272 Equity Shares A minimum of 10% of the Issue Size, i.e. at least 2,72,728 Equity Shares, was made available for Allocation to Mutual Funds only, and the balance 24,54,544 Equity Shares was made available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Floor Price	₹4,426.11 per Equity Share which has been calculated in accordance with Regulation 176 of the Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company has offered a discount of ₹26.11 per Equity Share, being equivalent to a discount of 0.60% on the Floor Price which is not more than 5% discount on the Floor Price in accordance with the approval of the Shareholders accorded by way of a special resolution dated May 27, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Price	₹4,400.00 per Equity Share (including a premium of ₹4,395.00 per Equity Share)
Eligible Investors	Eligible QIBs, to whom, the Preliminary Placement Document and the Application Form were delivered and who were eligible to participate in the Issue and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or restricted from participating in the Issue under the applicable laws including the SEBI ICDR Regulations. For further details, see "***Issue Procedure – Eligible QIBs***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" on pages 232, 243 and 251, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form were delivered was determined by our Company in consultation with our Lead Manager, at its discretion.
Date of Board Resolution approving the Issue	April 27, 2024
Date of Shareholders' Resolution approving the Issue	May 27, 2024
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance of Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, 2013 and Chapter VI of the SEBI ICDR Regulations. For further details, see "***Issue Procedure***" beginning on page 227.
Dividend	For details on dividend, see section "***Dividends***" and "***Description of the Equity Shares***" beginning on pages 85 and 259, respectively.
Taxation	For details on taxation, see "***Taxation***" beginning on page 263
Equity Shares issued and outstanding prior to the Issue	2,11,28,311 Equity Shares
Subscribed and paid-up share capital prior to the Issue	₹10,56,41,555
Equity Shares issued and outstanding immediately after the Issue	2,38,55,583 Equity Shares
Listing	Our Company has obtained in-principle approvals from NSE and BSE, each dated June 18, 2024 under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue.
Trading	The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges. Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares, to be issued pursuant to the Issue, after the Allotment and the credit of Equity Shares to the beneficiary account with the Depository Participant, respectively.

Lock-up	For details of the lock-up, see "***Placement and Lock-up***" beginning on page 241.
Transferability restrictions	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 the Stock Exchanges. 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 requirement. For further details, see, "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" beginning on pages 227, 243 and 251, respectively.
Use of proceeds	The gross proceeds of the Issue aggregates to approximately ₹1,20,000 lakhs. The Net Proceeds of the Issue, after deducting fees, commissions and expenses of the Issue (inclusive of taxes), is expected to be approximately ₹1,17,670 lakhs which is proposed to be utilized for (i) repayment /pre-payment, in full or in part, of certain outstanding borrowings availed by our Company; (ii) acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary; and (iii) general corporate purposes. For further details regarding the use of Net Proceeds, see "***Use of Proceeds***" beginning on page 72.
Risk Factors	Please see "***Risk Factors***" beginning on page 39 for a discussion of risks you should consider before deciding whether to subscribe to Equity Shares pursuant to the Issue.
Closing Date	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about June 22, 2024.
Status, ranking and Dividend	Equity Shares being issued pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of voting rights, dividends and other distributions declared. Our Shareholders (as on 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, SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in Shareholders' meetings on the basis of one vote for every Equity Share held in accordance with the Companies Act, 2013. For further details, see "***Dividends***" and "***Description of the Equity Shares***" beginning on pages 85 and 259, respectively
Security codes for the Equity Shares	**ISIN:** INE00LO01017 **BSE Code:** 543276 **NSE Code:** CRAFTSMAN

SELECTED FINANCIAL INFORMATION

The following tables set forth our selected financial information and should be read together with the more detailed information contained in "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and the Audited Consolidated Financial Statements included in "***Financial Information***" beginning on pages 86 and 278, respectively.

Summary of consolidated balance sheet as at the Fiscals ended March 31, 2022, March 31, 2023 and March 31, 2024

(₹ in lakhs)

Particulars	As at March 31		
	2022	**2023**	**2024**
Non-current assets			
Property, Plant and Equipment	1,45,372	1,83,878	2,13,344
Capital Work in progress	4,198	9,663	17,861
Intangible assets	424	315	432
Right-of-use Asset	8,582	9,196	23,896
Goodwill on Consolidation	-	18,999	18,999
Investments accounted for using equity method	235	282	368
Financial assets			
Investments	30	61	79
Security Deposits	2,514	3,328	4,919
Other Financial assets	43	148	94
Current tax assets (Net)	-	21	828
Other non-current assets	3,141	5,991	11,456
	1,64,539	2,31,882	2,92,276
Current assets			
Inventories	62,641	83,601	1,04,082
Financial assets			
Trade receivables	29,621	53,529	57,663
Cash and cash equivalents	2,943	2,732	6,349
Other bank balances	1,405	2,002	1,953
Security Deposits	335	30	97
Other Financial assets	865	856	961
Other Current assets	5,129	6,040	7,193
	1,02,939	1,48,790	1,78,298
Total Assets	**2,67,478**	**3,80,672**	**4,70,574**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	1,056	1,056	1,056
Other Equity	1,12,518	1,36,634	1,64,742
Equity attributable to owners	1,13,574	1,37,690	1,65,798
Non-controlling interest	-	6,100	9,368
	1,13,574	1,43,790	1,75,166
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	37,378	90,617	1,12,484
Lease Liabilities	6,685	7,539	16,486
Other Non-Current Financial Liabilities	355	377	211
Deferred tax liabilities (Net)	11,678	14,112	13,148
	56,096	1,12,645	1,42,329
Current liabilities			
Financial Liabilities			
Borrowings	34,182	24,655	42,159
Lease Liabilities	1,710	1,212	4,353
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	554	1,167	1,178
(b) total outstanding dues of creditors other than micro enterprises & small enterprises	45,702	69,995	78,886
Other current Financial Liabilities	7,374	12,264	14,595
Current tax liabilities (Net)	690	3,156	912

Particulars	As at March 31		
	2022	2023	2024
Other current liabilities	7,125	11,111	9,875
Provisions	471	677	1,121
	97,808	1,24,237	1,53,079
Total Equity and Liabilities	**2,67,478**	**3,80,672**	**4,70,574**

Summary of consolidated statement of profit and loss for the Fiscals ended March 31, 2022, March 31, 2023 and March 31, 2024

(₹ in lakhs)

Particulars	**For the year ended March 31**		
	2022	**2023**	**2024**
INCOME			
Revenue From Operations	2,21,702	3,18,260	4,45,173
Other Income	740	1,254	1,724
Total Income (A)	**2,22,442**	**3,19,514**	**4,46,897**
EXPENSES			
Cost of materials consumed	1,06,549	1,69,964	2,52,153
Changes in inventories of finished goods and work-in-progress	(3,144)	(7,021)	(15,022)
Employee benefits expense	18,776	23,350	28,846
Depreciation, amortization and impairment expense	20,599	22,161	27,769
Other expenses	46,105	63,606	91,313
Finance costs	8,422	12,023	17,454
Total expenses (B)	**1,97,307**	**2,84,083**	**4,02,513**
Profit before share of profit from JV(C = A-B)	**25,135**	**35,431**	**44,384**
Share of profit from JV (D)	38	48	85
Profit before tax (E = D-C)	**25,173**	**35,479**	**44,469**
Tax expense:			
(1) Current Tax	8,855	12,259	11,702
(2) Deferred tax	9	(1,876)	(966)
	8,864	10,383	10,736
Profit for the year (F)	**16,309**	**25,096**	**33,733**
attributable to owners	*16,309*	*24,839*	*30,447*
attributable to non-controlling Interest	-	*257*	*3,286*
Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	6	(13)	(316)
- Share of OCI of Joint Venture accounted for using equity method	1	(1)	1
(ii) Income tax relating to items that will not be reclassified to profit or loss	(2)	3	79
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations	(9)	132	16
- The effective portion of gains or loss on hedging instruments in a cash flow hedge	785	2	321
(ii) Income tax relating to items that will be reclassified to profit or loss	(274)	(53)	(81)
Other Comprehensive Income for the year, net of tax (G)	**507**	**70**	**20**
attributable to owners	*507*	*69*	*38*
attributable to non-controlling Interest	-	*1*	*(18)*
Total Comprehensive Income for the year (Comprising Profit for the year and Other Comprehensive Income for the year) (F+G)	**16,816**	**25,166**	**33,753**
attributable to owners	*16,816*	*24,908*	*30,485*
attributable to non-controlling Interest	-	*258*	*3,268*
Earnings per equity share Basic & Diluted (Face value of ₹. 5/-)	77.19	117.56	144.11

Summary of consolidated statement of cashflow for the Fiscals ended March 31, 2022, March 31, 2023 and March 31, 2024

(₹ in lakhs)

Particulars	For the year ended March 31		
	2022	**2023**	**2024**
Cash flows from operating activities			
Profit before taxation ('PBT')	**25,173**	**35,479**	**44,469**
Adjustments to reconcile PBT to net cash flows:			
Depreciation, amortization and impairment expense	20,598	22,161	27,769
Gain on sale of assets	(141)	(41)	(107)
Exchange difference on transaction/translation (loss/(gain))	367	981	(1,042)
Share of Profit of Joint Venture	(38)	(48)	(85)
Mark-to-Market (Gain) / Loss - Derivative -(Net)	(14)	-	-
Provision for:			
Doubtful debts	(57)	5	(94)
Warranty & Rejection	40	71	88
Slow moving inventory	485	188	393
Interest income (including fair value changes in financial instruments)	(233)	(733)	(299)
Government grant income	(2,317)	(1,784)	(3,120)
Assets no longer receivable written off	-	73	-
Interest expense (including fair value changes in financial instruments)	7,699	10,623	17,349
Operating cash flow before changes in working capital	**51,562**	**66,975**	**85,321**
Adjustments for:			
Increase/ (Decrease) in provisions	62	33	8
Increase/ (Decrease) in other financial liabilities	(3,111)	889	(867)
Increase/ (Decrease) in other current liabilities	2,641	259	(1,251)
Increase/ (Decrease) in Trade Payables and other Payables	11,048	14,042	9,074
(Increase)/ Decrease in other financial assets	(586)	2,181	(1,661)
(Increase)/ Decrease in other current assets	2,646	195	(568)
(Increase)/ Decrease in trade and other receivables	(5,303)	(8,304)	(3,095)
(Increase)/ Decrease in inventories	(22,562)	(8,242)	(20,876)
Cash generated from operations	**36,397**	**68,028**	**66,085**
Income taxes paid	(3,676)	(7,262)	(14,754)
Net cash from operating activities - A	**32,721**	**60,766**	**51,331**
Cash flows from investing activities			
Purchase of property, plant and equipment	(21,267)	(34,467)	(62,905)
Purchase of Intangible Assets	(22)	(58)	(195)
Proceeds from sale of equipment	258	565	292
Consideration paid towards business combination	-	(37,500)	-
(Purchase)/ Sale of Equity Shares	-	16	(18)
Interest received	138	653	233
Net cash used in investing activities - B	**(20,893)**	**(70,791)**	**(62,593)**
Cash flows from financing activities			
Proceeds from issue of shares	(185)	-	-
Proceeds from long-term borrowings	10,505	57,631	47,716
Repayment of long term borrowings	(13,911)	(25,654)	(23,296)
Net proceeds from / (repayments of) short-term borrowings	3,508	(11,560)	14,955
Principal payments towards lease liability	(4,234)	(2,053)	(4,995)
Interest paid (incl. interest on lease liability)	(7,687)	(10,267)	(17,180)
Dividend Paid	-	(793)	(2,377)
Net cash from/ (used in) financing activities- C	**(12,004)**	**7,304**	**14,823**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	(176)	(2,721)	3,561
Cash and cash equivalents at beginning of year	3,127	2,943	2,732
Cash and cash equivalents acquired through business combination	-	2,470	-
Effect of exchange rate changes on cash and cash equivalents	(8)	40	56
Cash and cash equivalents at end of year	**2,943**	**2,732**	**6,349**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during: (i) Fiscal 2022; (ii) Fiscal 2023; and (iii) Fiscal 2024, as per the requirements in accordance with Ind AS notified under the Ind AS Rules read with Section 133 of the Companies Act, 2013, see "***Financial Information – 2022 Audited Consolidated Financial Statements-3.7 Related party disclosure***", "***Financial Information – 2023 Audited Consolidated Financial Statements-3.7 Related party disclosure*** ", and "***Financial Information – 2024 Audited Consolidated Financial Statements-3.7 Related party disclosure*** " on pages 345, 426, and 506, respectively.

RISK FACTORS

*This Issue and an investment in the Equity Shares involve a certain degree of risk. You should carefully consider all the risks and uncertainties described below as well as other information contained in this Placement Document before making an investment in the Equity Shares. If any particular risk or some combination of the risks described below actually occurs, our business, results of operation, financial condition and cash flows could be adversely affected, the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that we currently believe to be material, but the risks set out in this Placement Document may not be exhaustive or complete, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or become material in the future. This section should be read together with "**Industry Overview**", "**Our Business**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Legal Proceedings**" on pages 117, 193, 86 and 274, respectively, as well as the financial statements, including the notes thereto, and other financial information included in "**Financial Information**" on page 278.*

*Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. Unless otherwise indicated or the context otherwise requires, the financial information included in this section for as at and for the year ended March 31, 2022, 2023 and 2024 has been derived from our respective Fiscal 2022 Audited Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements. See, "**Financial Information**" beginning on page 278. Also, pursuant to a share purchase agreement dated December 29, 2022, our Company acquired 76.00% of the paid-up equity share capital of DR Axion India Private Limited ("**DR Axion**") which became our Subsidiary with effect from February 1, 2023 and therefore, DR Axion was consolidated with effect from February 1, 2023 for our Fiscal 2023 Audited Consolidated Financial Statements. Hence, our Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements are not directly comparable with Fiscal 2022 Audited Consolidated Financial Statements. See "**Presentation of Financial and Information and Other Conventions**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information**" on pages 14 and 91. Unless the context otherwise requires, references to "our Company" are to Craftsman Automation Limited on a standalone basis, while references to "we", "us" or "our" (including in the context of any financial or operational information) are to Craftsman Automation Limited, its Subsidiaries and Joint Venture on a consolidated basis. Also, see "**Definitions and Abbreviations**" on page 23 for certain terms used in this section.*

*This Placement Document contains forward-looking statements that involve risks and uncertainties. Our results could differ from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. For further details, see "**Forward-Looking Statements**" on page 19. Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Studying the automobile and automotive component business in India" dated May 2024 (the "**CRISIL Report**") prepared and issued by CRISIL Limited and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Issue. The data included herein and in the section "**Industry Overview**" includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner in the section "**Industry Overview**". Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular calendar year or Fiscal refers to such information for the relevant calendar year or Fiscal. For further information, see "**Industry Overview**" on page 117.*

Internal Risk Factors

Risks relating to business and operations

1. ***We derive a significant portion of our revenue from our top 10 customers. The loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.***

We derive a significant portion of our revenue from our top 10 customers. The loss of all or a significant portion of sales to any of our top 10 customers, for any reason (including the loss of contracts or inability to negotiate favourable terms, failure to meet their quality specification, technological changes, a decline in market share of these customers in their respective industries or high growth segments, disputes with these customers, adverse changes in their financial condition, insolvency or bankruptcy of these customers, decrease in their sales, facility closures, any action undertaken by the government affecting business of these customers, or labour strikes affecting their production), could have an adverse impact our business, financial condition, results of operations, and cash flows.

The following table set forth revenue from our top customer and top ten customers for the Fiscals indicated:

Customers	Fiscal 2022	Fiscal 2023	Fiscal 2024
	Percentage of Revenue from Operations	Percentage of Revenue from Operations	Percentage of Revenue from Operations
Top Customer	17.46%	17.69%	19.42%
Top 10 Customers	58.13%	56.80%	67.42%

We cannot assure you that we will be able to maintain historic levels of business from our top 10 customers, or that we will be able to significantly reduce customer concentration in the future.

Further, the volume and timing of sales to our top 10 customers may vary due to variations in demand for such customers' products or on account of their manufacturing and growth strategy. Thus, any decrease in the demand for our products from our top 10 customers could adversely impact our business, results of operations, financial condition and cash flow. These customers may change their outsourcing strategy by moving more work in-house, replacing us with our competitors, or replacing their existing products with alternative products which we do not supply. Also, these customers may demand price reductions and we cannot assure you that we will be able to offset any reduction of prices to these customers with reductions in our costs.

As our orders are linked to specific vehicles/models and are not generally interchangeable with other models/vehicles, therefore, the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model for which we are a significant supplier could lead to cancellation of orders or loss of business and consequently reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business, results of operations, financial condition and cash flows.

2. *We have not entered into any long-term contracts with our suppliers from whom we procure materials consumed by us for our manufacturing process. Further, we depend on a select few suppliers for sourcing our raw materials and any delay, interruption or reduction in the supply of raw materials to manufacture our products or volatility in the prices of raw materials, may adversely affect our business, results of operations, financial condition and cash flows.*

We depend on a select few suppliers, with whom we do not have long-term contracts for the purchase of raw materials. We typically source such raw materials by placing purchase orders from time to time. The primary raw materials that we use to manufacture our products are aluminium ingots, ferrous castings, steel and steel metal parts. In the absence of long-term contracts, we cannot assure you that we will be able to continue to obtain adequate or continuous supplies of our raw materials, in a timely manner or at all, in the future. In Fiscal 2022, 2023 and 2024, the cost of raw materials purchased from our top five suppliers, who supplied aluminium and casting, accounted for 36.13%, 37.19% and 43.18% of the total cost of raw materials purchases, respectively.

Any reductions or interruptions in the supply of raw materials, and any inability on our part to find alternate sources for the procurement of such raw materials, may have an adverse effect on our ability to manufacture our products in a timely or cost effective manner. While we have not experienced any interruptions in the supply of raw materials in the last three Fiscals, we cannot assure you that such instance will not arise in the future. We may also be required to replace a supplier if its products do not meet our quality standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions.

Prices of certain raw materials we rely on, such as aluminium, are linked to commodity markets and thus subject to fluctuation. We cannot assure you that the prices for these raw materials will not be volatile in the future. While in practice we have passed the increase in the cost of raw materials consumed 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.

With respect to our exports, the exchange rates for some of our contracts are periodically re-negotiated for fluctuations. While sourcing of a majority of our raw materials is domestic, some of export contracts may link the raw material prices to overseas commodity exchange rates. For such contracts, any difference in domestic prices for raw materials vis-à-vis the prevailing prices on overseas commodity exchange are absorbed by us.

3. ***Our plan to set up certain manufacturing facilities is subject to the risk of unanticipated delays in implementation and cost overruns and such capital expenditure may not yield the benefits we anticipate.***

We are in the process of setting up two new greenfield manufacturing facilities each at Bhiwadi, Rajasthan and Kothavadi, Tamil Nadu. The manufacturing facility at Bhiwadi, Rajasthan will initially focus on manufacturing aluminium products, powertrains and structural parts, while the manufacturing facility at Kothavadi, Tamil Nadu will initially focus on manufacturing powertrains for off-highway and stationary engines, as well as industrial and engineering products for wind energy. The construction of both the Bhiwadi and Kothavadi facilities has been commenced.

In addition, we are in the process of setting up a new manufacturing facility at Faridabad, Haryana for the production of certain products within our Powertrain Segment and we may set up a new manufacturing facility at Nagpur, Maharashtra.

The construction of the aforesaid proposed manufacturing facilities, may encounter regulatory, personnel, cost overruns and other difficulties that could potentially delay construction and result in an increase in capital expenditure. These difficulties may relate to labour shortages, accidents, construction being affected by adverse weather conditions, satisfactory and timely performance by construction contractors, issues with procurement of equipment, increase in cost of equipment or manpower, as well as defects in design or construction of such proposed manufacturing facilities, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, increase in pre-operating expenses, taxes and duties, increase in interest and finance charges, working capital margin, environment and ecology costs, and other factors beyond our control. There can be no assurance that the construction of the proposed new manufacturing facilities will be completed in a timely manner, or within our budgeted capital expenditure and other costs.

We cannot assure you that that we will be able to fully utilize the new manufacturing facilities. Our projected requirements for infrastructure investments may also vary from actual levels if anticipated sales growth does not materialize or varies significantly from our projections. Such investments are generally long term in nature and it is possible that investments may not generate the expected returns due to changes in the marketplace. Consequently, we cannot assure you that the construction of new manufacturing facilities, will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. In addition, we may not be able to achieve the intended economic benefits of such proposed new manufacturing facility, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects.

4. ***We intend to utilise a portion of the Net proceeds towards acquisition of 24.00% of the total paid-up equity share capital of our Subsidiary DR Axion pursuant to a share purchase agreement dated May 4, 2024 and the same is subject to completion of certain customary condition precedents.***

As of the date of this Placement Document, our Company holds 8,57,65,631 equity shares, representing 76.00% of the total paid-up equity share capital of DR Axion. We intend to utilise ₹ 25,000 lakhs from the Net Proceeds towards acquisition of the remaining 2,70,83,884 equity shares, representing 24.00% of the total paid-up equity share capital of DR Axion ("**Proposed Acquisition**"). In this regard, our Company has entered into a share purchase agreement dated May 4, 2024 ("**SPA**") with DR Axion, Daerim International Co Ltd ("**Daerim**"), the parent company of DR Axion and DR Axion Co. Ltd, a principal shareholder of DR Axion for a consideration of ₹ 25,000 lakhs, subject to customary adjustments at closing, if any. Post closing of the Proposed Acquisition, DR Axion will become a wholly owned subsidiary of our Company. For further information, see "***Use of Proceeds – Details of Objects - Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary***" on page 78.

Pursuant to the SPA, the aforesaid acquisition is subject to completion of certain customary condition precedents by Daerim and DR Axion Co. Ltd which are beyond our control. These conditions include submitting a signed report by Daerim from big four or any other reputable chartered accountant summarizing the status of pending income tax demands and/or proceedings, if any, against Daerim and confirming that there are no pending demand(s) or notices or assessments, and undertaking all necessary acts, deeds, and document executions by Daerim and DR Axion Co. Ltd incidental or ancillary to the fulfilment of the conditions precedent. This includes applying for requisite consents and governmental approvals, if needed, and making best efforts to obtain such consents promptly. We cannot guarantee the completion of all aspects of the acquisition process and/or receipt of relevant regulatory clearances in a timely manner, or at all. Additionally, if the actual consideration to be paid for the Proposed Funding exceeds the amount proposed to be funded from Net Proceeds, our Company will cover the additional amount from its internal accruals.

5. *A slowdown or shutdown in our manufacturing operations or the under-utilization of our manufacturing facilities could have an adverse effect on our business, results of operations, financial condition and cash flows.*

We operate 15 strategically located manufacturing facilities across eight cities in India. For further details on our manufacturing facilities, see "***Our Business – Manufacturing Facilities***" on page 204. Our business is dependent upon our ability to operate our manufacturing facilities at certain utilisation levels, which are subject to various operating risks, including productivity of our workforce, labour disputes, shortage of workforce, compliance with regulatory requirements and those beyond our control, such as the breakdown and failure of equipment, disruption in electric power or water resources, fire or industrial accidents and severe weather conditions and natural disasters. Any such events may cause an unplanned shutdown or temporary or sustained slowdown in our production, or may require us to incur significant compliance or remediation costs, which we may not be able to completely or sufficiently or at all pass on to customers or recover through insurance in all events. For instance, on account of the government imposed lockdown in India due to COVID-19 pandemic, operations at all of our manufacturing facilities were temporarily shut down and we were required to follow protocols as suggested by regulatory authorities which impacted our ability to operate our manufacturing facilities at optimum utilizations. While there has not been any instance where any of our manufacturing facilities was shut down in the last three Fiscals, we cannot assure you that such instance will not arise in the future. Further, under utilization of our existing manufacturing facilities may arise due to various reasons such as changes in demand for our products and supply chain disruptions, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. For details relating to our installed capacity, actual production and capacity utilization of our manufacturing facilities for our business segments, see "***Our Business – Our Business Segments***" on page 200.

Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to under-utilization of our manufacturing facilities or may lead to an inability to comply with our customers' requirements and result in us breaching our contractual obligations and may lead to loss of any of our customers or a significant reduction in demand from such customers.

Further, 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. Certain of our key customers may terminate their relationships with us or seek to impose penalties on component manufacturers like us, or may initiate arbitration or legal proceedings against us, for stoppage in any of their critical operations or assembly lines and damages sought, potentially or allegedly on account of delayed delivery or a defect or deficiency in the products or services delivered by us.

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

Our business is capital intensive. We have expanded and upgraded our existing manufacturing facilities in the last three Fiscals and we intend to continue to expand our manufacturing capabilities in the future. In Fiscal 2022, 2023 and 2024, our capital expenditure (*calculated as property, plant and equipment additions plus other intangible assets additions and capital work in progress additions less capital work in progress disposals*) was ₹ 22,293 lakhs, ₹ 33,588 lakhs and ₹ 63,302 lakhs, respectively. To compete effectively, we need to develop and produce new products to meet our customers' demand, which requires a significant capital expenditure. We may also be required to make substantial investments to adapt to the expansions plans made by our existing OEM customers to ensure continuity in business from such OEM customers, however there is no assurance that such investments will be as profitable as our existing business and investments, or at all. Further, we may incur significant costs in supplying OEM products from such locations to other customers. We cannot assure you that we will be able to successfully convert these capital expenditures profitable in the future. Our sources of additional capital, required to meet our capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. Our ability to obtain external financing is subject to a variety of uncertainties and our loan agreements may contain restrictive operating and financial covenants that restrict our ability to incur additional indebtedness without the lenders' consent. Further, financing may not be available in a timely manner or on terms acceptable to us, or at all. Further, our budgeted resources may prove insufficient to meet our requirements which could drain our internal accruals or compel us to raise additional capital. Any issuance of equity could result in a dilution of the shareholding. If we are required to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

We also require a significant amount of working capital to finance the purchase of materials and the performance of manufacturing and other work before payment is received from customers. In Fiscal 2022, 2023 and 2024, our working capital utilisation was ₹ 19,322 lakhs, ₹ 13,048 lakhs and ₹ 28,021 lakhs, respectively. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules for our customers or increased advance payments or shorter credit period from our suppliers. These factors may result, or have resulted, in increases in the amount of, our receivables, short-term borrowings and the cost of availing such working capital funding. Additionally, our inability to obtain adequate amount of working capital at such terms which are favourable to us and in a timely manner or at all may also have an adverse effect on our financial condition. Continued increases in our working capital requirements may have an adverse effect on our business, results of operations, financial condition and cash flows.

7. *We operate in a competitive business environment. If we cannot respond adequately to the increased competition and consequent pricing pressures that we expect to face from existing players and new entrants, we will lose market share and our profits will decline, which will adversely affect our business, results of operations and financial condition.*

We operate in a competitive business environment. Growing competition in the domestic and/or international markets may subject us to pricing pressures and require us to reduce the prices of our products in order to retain or attract customers, which may have an adverse effect on our revenues and margins. While we are focused on the development of customer-centric products, and to broaden our product range, in the event our competitors harness better process technology or improved process yield or are able to source raw materials at more competitive prices, we may not be able to maintain our growth rate and our revenues and profitability may decline.

Some of our competitors may be increasing their capacities and targeting the same products as us. Some of our competitors are global companies that have larger technical and financial resources and broad customer bases needed to bring competitive solutions to the market. Such companies may use these advantages to offer solutions that are perceived to be as effective or more effective as ours at the same or at a lower price. They may also develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, applications, technologies, standards, or client requirements. Our competitors may also adopt competitive strategies for various products which may have a corresponding adverse impact on our revenues and margins. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. Also, see "***Our Business - Competition***" on page 208.

8. *We have undertaken acquisitions, mergers, business transfer and strategic investments in the past and may continue to undertake such acquisitions, joint ventures, strategic investments, alliances, in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.*

We have pursued and may continue to pursue acquisitions, joint ventures, strategic investments and alliances in India as well as overseas as a mode of expanding our operations. For instance, we acquired 76.00% of the paid up equity share capital of DR Axion which became our Subsidiary with effect from February 1, 2023. DR Axion is engaged in the manufacturing of aluminium cylinder heads and blocks for passenger vehicles through gravity and low-pressure die castings. This acquisition was aimed to strengthen our presence in the passenger vehicle segment, provide access to gravity/ low pressure castings process and their customers and open opportunity to enter the e-mobility solutions market for passenger vehicles. Going forward, we may consider opportunities for inorganic growth, such as through mergers and acquisitions, business transfer or strategic investments, to acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, improve operational efficiency, and enhance our expertise and knowledge. For further information, see "***Our Business – Inorganically grow our business offerings***" on page 199. However, we cannot assure you that we will be able to identify suitable entities on commercially reasonable terms or be able to raise sufficient funds to finance such strategies for growth. Such initiatives may require us to incur or assume new debt or integration risks and we cannot assure you that such initiatives will contribute to our profitability.

We cannot guarantee that we will be able to successfully integrate any companies or assets we acquire, or that we will realize the strategic and/or operational benefits that we expect. Moreover, we may expend significant management attention trying to do so, but may not see the desired results. In addition, there can be no assurance that we will be able to consummate our expansions, acquisitions, mergers or alliances in the future on terms acceptable to us, or at all or be able to raise sufficient funds to finance such acquisitions, joint ventures and strategic investments. Further, in the future if such arrangements are severed or disrupted, it would impair our investments and would have an adverse impact our business, financial condition and results of operations.

9. *Our inability to meet our obligations under our debt financing arrangements could adversely affect our business, results of operations and cash flows.*

We have entered into various financing arrangements with various lenders for short-term and long terms facilities. As of March 31, 2024, our total borrowings amounted to ₹ 1,54,643 lakhs. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to generate sufficient cash flows to service such debt. Any additional indebtedness we incur may have significant consequences, including, requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditure and reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions.

Our financing arrangements include conditions that require us to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions including making investments and giving loans and advances to subsidiaries/ associates, declare or pay any dividend or any other distribution, except out of profits of the current year and subject to no default in payment or repayment obligations to bank, to any of the Shareholders, effect a merger, amalgamation, reconstruction or scheme of arrangement or compromise, amend our Memorandum of Association and Articles of Association, opening new current account or other accounts with banks outside the lending arrangement, incur further indebtedness of any nature and create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over assets constituting security, undertake any new project, diversify, modernise or substantial expand our projects, change our management, transfer or dispose of the Equity Shares held by our Promoter leading to change in control, change our capital structure and shareholding patten. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. As of the date of this Placement Document, we have received all consents required from our lenders in connection with the Issue.

Additionally, these financing agreements also require us to maintain certain financial ratio such as current ratio, fixed asset coverage ratio, interest coverage ratio, Debt to EBITDA and debt service coverage ratio. Further, while there has been no breach of such covenants in the last three Fiscals, we cannot assure you that we will be able to comply with these financial or other covenants at all times or that we will be able to obtain the consent necessary to take the actions that we believe are required to operate and grow our business. Further, there has not been any instance of re-scheduling/ re-structuring in relation to borrowings availed by us from any financial institutions or banks in the last three Fiscals.

Further, fluctuations in market interest rates may also affect the cost of our borrowings. Since the interest rates on certain of our borrowings may be subject to changes based on the prime lending rate of the respective bank lenders, such borrowings may be subject to renegotiation and/or escalation on a periodic basis and may not be covered by interest rate hedge agreements. Further, we have granted security interests over certain of our assets in order to secure our borrowings, and any failure to satisfy our obligations under such borrowings could lead to the forced sale and seizure of such assets, which may adversely affect our business, financial condition and results of operations.

Further, our borrowings are secured, *inter alia*, 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 building in favour of the lenders. As these assets are hypothecated or mortgaged in favour of lenders, 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.

10. *We are subject to risks arising from fluctuations in interest rate and foreign currency exchange rates, which could adversely affect our results of operations planned expenditures and cash flows*.

As at March 31, 2024, 95.00% of our indebtedness was at floating interest rates while 5.00% of our indebtedness was at fixed interest rate. If the interest rates of our existing or future borrowings increase significantly, our cost of funds will increase. A further increase in interest rates may have an adverse effect on our results of operations and financial condition. While we could consider refinancing the loan or hedging interest rate risks in appropriate cases, there can be no assurance that we will be able to do so on commercially reasonable terms or at all, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks. Further, if such arrangements do not protect us adequately against interest rate risks, they would result in higher costs.

Further, some of our indebtedness that we have availed are in foreign currencies and are therefore, exposed to foreign exchange risk between the Indian Rupee and U.S. Dollars and other foreign currencies. As at March 31, 2024, our borrowings availed in foreign currency amounted to USD 171 lakhs or ₹ 14,254 lakhs. We cannot assure you that we will be able to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against other relevant foreign currencies. Any significant fluctuation in the value of the Indian Rupee against such currencies including as noticed recently in the case of the U.S. Dollar, may adversely affect our results of operations. Any appreciation of foreign currencies against the Indian Rupee may result in increase in our debt obligations and consequently, have an adverse effect on our cash flows and results of operations.

11. ***We export our products to various countries. Any adverse events affecting these countries could have an adverse impact on our results from operations.***

In Fiscal 2022, 2023 and 2024, our revenue from operations outside India was ₹ 15,513 lakhs, ₹ 20,487 lakhs and ₹ 19,786 lakhs, respectively, which represented 7.00%, 6.44% and 4.44% of our total revenue from operations for the respective periods. During such periods, we exported our products to several countries across North America, South America, Europe and Asia. These export destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such countries will not increase. Any change or increase in such duties may adversely affect our business, financial condition and results of operations.

Additionally, export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and could adversely affect our business, financial condition and results of operations. Further, changes in import policies or an economic slowdown in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations. India is also a party to, and is currently negotiating, free trade agreements with several countries and if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export, and consequently, our business, financial condition and results of operations.

Additionally, we will be required to procure certifications in addition to other quality standards which could be necessary for the products to be accepted by customers and the markets in which we export our products. As such, we may need to obtain and maintain the relevant certifications so that our customers are able to sell their products, which include components that are manufactured by us, in these countries. Our inability to secure such license, or any other licenses, certification, registrations and permits in other jurisdictions in a timely manner or at all, could result in operational delays or suspensions and/or administrative fines and penalties, which could have a material adverse effect on the overall business, results of operations and financial condition.

12. ***Discontinuance or non-availability of fiscal benefits we enjoy under certain schemes, or any inability to meet obligations under such schemes may have an adverse effect on our business, results of operations, financial condition and cash flows.***

We enjoy certain fiscal benefits on account of policies of the Government of India, including the Duty Drawback Scheme ("**DDS**"), where, in the case of our export products, with our current product mix, the rate of DDS ranges from 1% to 2% of free on board ("**FOB**") value of exports. In Fiscal 2022, 2023 and 2024, we received ₹ 267 lakhs, ₹ 350 lakhs and ₹ 333 lakhs under the DDS.

We also import capital goods under the Export Promotion Capital Goods Scheme instituted by the Government of India (the "**EPCG Scheme**"). 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 imported capital goods and other penalties under the EPCG Scheme. In Fiscal 2022, 2023 and 2024, our EPCG income on fulfilling obligation was ₹ 1,891 lakhs, ₹ 1,270 lakhs and ₹ 2,540 lakhs. We have not been subject to any penalties because of any failure to meet our export obligations in the last three Fiscals, since the value of exports undertaken by us has exceeded our export commitments. In case export or other obligations are not met under the EPCG Scheme or any other scheme, we may be required to pay, with interest, the proportionate duty saved for which export obligations were not met. Further, in the event the duty saved along with interest is not paid, the imported capital goods may also be confiscated. Further, we also avail a scheme for remission of duties and taxes on export products ("**RODTEP Scheme**") for exporters, which was effective from January 1, 2021. In Fiscal 2022, 2023 and 2024, our export incentive under RODTEP Scheme was ₹ 159 lakhs, ₹ 163 lakhs and ₹ 247 lakhs, respectively.

Any discontinuance of, or inability to enjoy, benefits under schemes and subsidies could have an adverse effect on our business, results of operations, financial condition and cash flows.

13. *There are outstanding legal proceedings involving us. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows.*

We are contesting certain legal proceedings in various courts, including certain regulatory and statutory proceedings, civil and taxation cases that have been filed against us, which are pending at different levels of adjudication before various courts, tribunals and other authorities. For further details of the legal proceedings that we are subject to, see *"**Legal Proceedings**"* on page 274. We cannot assure you that the outcome of any of these legal proceedings will be favourable. Any adverse decision in any of these cases may adversely affect our business, results of operations, financial condition and cash flows. Such proceedings could divert our management's time and attention and consume our financial resources in their defence or prosecution. A summary of such outstanding legal proceedings as on the date of this Placement Document is set forth below:

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Material civil litigation#	Aggregate amount involved (₹ in lakhs)*
Company					
By the Company	-	8	-	-	912.58
Against the Company	-	-	-	-	-
Subsidiaries					
By the Subsidiaries	-	-	-	-	-
Against the Subsidiaries	-	-	-	-	-

 # Determined in accordance with the Materiality Policy.
** To the extent ascertainable and quantifiable.*

In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations, financial condition and cash flows could be adversely affected.

14. *If we are unable to accurately forecast demand for our products and plan production schedules in advance, our business, cash flows, financial condition, results of operations, and prospects may be adversely affected.*

Our inability to accurately forecast the level of customer demand for our products as well as our inability to accurately schedule our raw material purchases and production and manage our inventory may adversely affect our business and cash flows from operations. For some of our customers, we have long term purchase agreements with defined terms and conditions of purchases. These are supplemented by specific open purchase orders which do not have any validity in respect of time period and only specify the price at which the products are to be supplied with no mention of any specific quantity. The quantities supplied are typically based on monthly delivery schedules provided by the customers based on their own demand and supply situation. Although our customers provide us with forecasts of annual business volumes, which enable us to predict our income for a portion of our business, the actual orders are only placed by way of on-going purchase orders. Our customers do not provide a firm commitment for any specific product quantity and purchase orders may be amended or cancelled prior to finalization, as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales and plan our inventory in advance.

Actual production volumes may vary from these estimates due to variations in end consumer demand for the related vehicles leading to either underutilized capacity or incurring additional expenditure to deploy additional resources to meet expedited delivery timelines. Further, we have certain manufacturing facilities which are either dedicated, or predominantly catering to some of our OEM customers and are in such localities to serve such customers efficiently. Any reduction in forecasted volume from customers for whom we run dedicated facilities, would materially and adversely affect our business, results of operations and financial condition.

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

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

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

While various terms of our long-term customer agreements with customers generally allow us a right of consultation as to difficulties faced by us or provide for certain decisions or adjustments to be made as per mutual agreement, our customers are generally permitted under the terms of such agreements to exercise a high level of discretion. For instance, our customers reserve the right at any time to direct changes, or cause us to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by our long term contract. Price and time for performance resulting from such changes are equitably adjusted by our customers based on supply of documentation in such form and detail as required by our customer. Consequently, we are exposed to the risk that our submissions or requests as to price adjustments or delivery schedules or otherwise may not be agreed to by our customers or our customers may not accede to provide consents sought by us. Any such significant operational constraint may adversely affect our business, financial condition, results of operations and cash flows.

16. ***We extend significant credit terms to our customers and are subject to counterparty credit risk. Any deterioration in such customers' financial position and their ability to pay or our inability to extend credit in line with market practice may adversely impact business, results of operations, financial condition and cash flows.***

Due to the nature of agreements and arrangements that we enter into, we are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations. Our operations involve extending credit, ranging typically from 15 to 90 days, to our customers in respect of our products and services. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. We cannot guarantee that we will be able to accurately assess the creditworthiness of our customers. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets. 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 could increase our receivables. 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 might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our results of operations and cash flows could be adversely affected. We have experienced delays in collection of receivables for our products and services in the last three Fiscals and we cannot assure you that we will not experience any such delays in the future. If we experience delays in billing and collection for our products and services, our cash flows could be adversely affected.

Accordingly, we had and may continue to have high levels of outstanding receivables. The following table sets forth details of our credit cycle, as well as our trade receivables, for the Fiscals indicated:

Particular	As of/ for the year ended March 31,		
	2022	2023	2024
Trade Receivable Days	48.77	61.39	47.41
Trade Receivables (₹ lakhs)	29,621	53,529	57,663

Any significant delay in receiving payment or non-receipt of payments from our customers may adversely affect our business, results of operations, financial condition and cash flows.

Also, see "- ***We have substantial capital expenditure and working capital requirements and may require additional capital to meet those requirements, which could have an adverse effect on our business, results of operations, financial condition and cash flows."*** on page 42.

17. *Our contingent liabilities could adversely affect our financial condition if they materialise.*

As at March 31, 2024, our contingent liabilities, as per Ind AS 37 - provisions, contingent liabilities and contingent assets, that have not been provided for are as set out in the table below:

Particulars	As at March 31, 2024 (in ₹ lakhs)
a. Claims against the Company not acknowledged as debt	
Excise Duty	7
Value Added Tax	-
Service Tax	67
Goods and Service Tax	16
Income Tax	823
Stamp Duty	-
b. Sales Bills Discounted	4,617

If any of these contingent liabilities materialises, our results of operations and financial condition may be adversely affected. See "***Financial Information***" on page 278.

18. *Our operations involve activities and materials which are hazardous in nature and could result in a suspension of operations and the imposition of civil or criminal liabilities which could adversely affect our business, results of operations, financial condition and cash flow.*

Our operations are subject to operating risks associated with forged products manufacturing. Certain operations at our manufacturing facilities involve handling hazardous chemicals and gases such as enamel paint, feedol, argon and such operations can cause accidents during the manufacturing process resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties or equipment and the properties of others or to the environment. For instance, in Fiscal 2023, an industrial accident led to the death of an employee who was working on an HMC machine and a compensation of ₹ 16.25 lakhs was paid to the deceased family. Further, our operations are subject to significant hazards, including explosions, fires, mechanical failures and other operational problems, weather and natural disasters, discharges or releases of hazardous substances, chemicals or gases; and other environmental risks. The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. We may also face claims and litigation, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our manufacturing facilities. 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.

19. *We are exposed to foreign currency exchange rate fluctuations, which may adversely affect our results of operations, financial condition and cash flows.*

Our financial statements are presented in Indian Rupees. Our foreign currency exchange exposure relates primarily to the operating activities (when the revenue or expense is denominated in foreign currency) and borrowings in foreign currencies. Majority of our foreign currency transactions are in USD, Euro and JPY. As of March 31, 2022, 2023 and 2024, our net exposure to foreign currency risk (unhedged payables minus unhedged receivables) was ₹15,809 lakhs, ₹ 14,528 lakhs and ₹ 11,085 lakhs, respectively. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially the USD, Euro and JPY, may have an impact on our results of operations, financial condition and cash flows.

We have a hedging policy and we manage our foreign currency exchange risk by using derivative instruments such as foreign currency forward contracts. We cannot assure you that our hedging measures will adequately protect our business operations, financial conditions, results of operations and cash flows from the full effects of exchange rate fluctuations.

20. *Our failure to identify and understand evolving industry trends and preferences to develop new products to meet our customers' demands may adversely affect our business.*

We expect to continue to dedicate significant financial and other resources to our product development efforts in order to maintain our competitive position. Investing in product development, including developing new products and enhancing existing products, is expensive and time consuming, and we cannot assure you that such activities will result in significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits.

Changes in consumer preferences, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. However, we cannot assure you that we will be able to develop or secure the necessary technological knowledge that will allow us to develop our product portfolio in this manner. If we are unable to obtain such knowledge in a timely manner, or at all, our business and results of operations may be adversely affected. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. Our failure to successfully develop and produce new products, or a failure by our customers to successfully launch new programs, could materially adversely affect our prospects and results of operations.

21. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. Further, our failure to keep our technical knowledge confidential could erode our competitive advantage.*

Our business is continually changing due to technological advances and scientific discoveries. These changes result in the frequent introduction of new products and services and significant price competition. If our products and technologies become obsolete for various factors, our business and results of operations could be adversely affected. Although we strive to maintain and upgrade our technologies, facilities and machinery consistent with current national and international standards, the technologies, facilities and machinery we currently use may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant, which could adversely affect our business, results of operations and financial condition. Any failure on our part to effectively address such situations, innovate and keep up with technological advancements or to successfully introduce new products and services in these areas, in a timely and cost-effective manner, could adversely affect our business, results of operations, financial condition and cash flows.

Further, with the expected increase in growth of electric vehicles in future, we will need to adapt with the technological advances which will require us to make substantial capital investments. Our customers may shift to other manufacturers if we do not meet their changing needs as per the requirement of the automobile industry. Further, our already existing technologies may become redundant. All these factors could adversely affect our business, results of operations, financial condition and cash flows.

22. *We are susceptible to product liability claims that may not be adequately covered by our insurance coverage or by warranties and assurances from our equipment suppliers, and which, if successful, could require us to pay substantial sums, adversely affecting our business, results of operations and financial condition.*

We face an inherent business risk of exposure to product liability or recall claims, in the event that any of our products fail to perform as expected or such failure results or is alleged to result, in bodily injury or property damage or both. Consequently, we cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims.

The provision for warranty and rejection is done based on past experiences, product lifecycle maturity, reprocessing or repair cost. The provisions for expected cost of warranty obligations are recognized based on our management's best estimate of the expenditure required to settle the obligation, which takes into account the empirical data on the nature frequency and average cost of warranty claims and regarding possible future incidences.

While we maintain insurance for product liability, as a result of product liability legislation, civil claims may be brought against our OEM customers, and we may be made parties to such claims where damages may have been caused by any faulty products that we produced. We cannot assure you that such claims will not be brought against us in the future, and any adverse determination may have an adverse effect on our business, results of operations and financial condition and reputation. While we have not experienced any instances wherein we were subject to product liability claims in the last three Fiscals, we cannot assure you that such instance will not arise in the future.

23. ***If we are unable to continue to implement our brand building and marketing initiatives, for each of our brands, our business and prospects may be adversely affected. Moreover, any deterioration in the reputation and market perception of our brands may have an adverse effect on our sales, profitability and the implementation of our growth strategy.***

We operate under our brands "V-Store", "Carl Stahl Craftsman", "Craftsman Marine" and "Craftsman Storage Systems" in our Industrial & Engineering Segment. Our brand and reputation are among our important assets. The performance and quality of products are critical to the success of our business. The success of these products depend significantly on the effectiveness of the product design, quality of the raw materials and bought out components, quality control systems, installation and after sales service, which in turn, depend on skills and experience of our personnel, the quality of our training program, and our ability to ensure that such personnel adhere to our policies and guidelines. Any adverse change in the quality of products rendered by us including due to reasons beyond our control, or allegations of defects, even when false, at any of our manufacturing facilities could tarnish the image of our brands, result in negative reviews and feedback from our customers.

Further, our brand building would also depend on the effectiveness of sales and promotional activities and choice of channel partners. There can be no assurance that our efforts in these areas would always be effective. Any adverse development or decline in our brand value and reputation may adversely affect our business, results of operations and financial condition.

24. ***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 impact on our business and financial condition.***

We operate 15 strategically located manufacturing facilities across eight cities in India, out of which four manufacturing facilities, are operated on industrial land allotted by the state-owned industrial development corporations ("**IDCs**"). In addition, we are in the process of setting up a greenfield manufacturing facilities at Bhiwadi, Rajasthan and the land for such facility is allotted by a state-owned industrial development corporations. Under the terms of allotment of such lands, we are required to comply with certain ongoing conditions, including but not limited to achieving the investment commitment set out in the project report, adhering to the timelines for completion of setting up of the manufacturing facility, and commencement of manufacturing activity. If we fail to meet any such conditions, we may be required to incur additional liability. Further, in the past, we may not have been in compliance with certain terms of allotments under some of our lease deeds entered into with the IDCs. While we have not been subjected to any penalty or adverse actions in this regard, we cannot assure you that no penalty or adverse action will be taken against such non-compliances in the future. the Further, 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. Though none of the leases that we have entered into with IDCs are expiring in the next five years from the date of this Placement Document, we cannot assure you that we will be able to renew such leases as and when they expire.

As we are constantly looking to expand our business, we will be required to enter into arrangements with IDCs and other third parties 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 licenses and approvals which could delay the completion of the manufacturing facility beyond the timeline agreed upon with the IDC or other third parties. In such an event, we are subject to the risk of paying a premium or, even, the cancellation of land allotment. Cancellation of land allotment could have an impact on our financial condition on account of the capital invested on a facility being blocked without any returns while we continue to service the cost of the capital raised which could adversely impact our results of operations and financial condition.

25. ***Certain of our immovable properties, including our Corporate Office and where some of our manufacturing facilities are located, are leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition and operations.***

Our Corporate Office and certain of our manufacturing facilities are on leasehold basis from certain third parties. For details of our Corporate Office and our manufacturing facilities, see "***Our Business – Properties***" on page 207. The leases for some of these premises such as our satellite facilities located at Sriperumbudur, Pithampur and Jamshedpur are long-term lease agreements ranging from 30 years to 99 years and provide us a substantial time period to ensure alternative arrangement for these facilities. However, the lease arrangements for our integrated facilities and our other satellite facilities at other locations are entered for a medium-term period ranging from five years to 20 years. Further, the premises for our Corporate Office is leased by us for a short- term period of three years. While we have, in the past, renewed such short-term and medium-term lease arrangements for our facilities and offices from time to time, if we are unable to renew certain or all of these leases on commercially reasonable terms, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future (and may, to that extent, need to revise our raw material sourcing, product manufacturing and raw material and product inventory schedules and/or incur significant costs to relocate or expand our operations elsewhere in order to continue to honour our commitments to our customers). In addition, the terms of certain of our leases require us to obtain the lessor's prior consent for certain actions (including making significant structural alterations to the factory building, which may be required if we were to undertake a significant expansion in the future, or for undertaking a corporate restructuring or to sublet, transfer, assign, charge or mortgage such properties). In the event that any lease agreement is not renewed, we will be required to expend time and financial resources to locate suitable land or premises to set up new warehouses and offices, which may adversely affect our financial condition. Further, if the vacated property or premises is leased or sold to a competitor, we may also face increased competition in that geographic area which could adversely affect our market share and revenues.

26. ***We are dependent on third party transportation for the delivery of raw materials and finished products and any disruption in their operations or a decrease in the quality of their services could adversely affect our business and results of operations.***

Our success depends on the smooth supply and transportation of the various raw materials required for our various manufacturing facilities which is subject to various uncertainties and risks and finished products. We use third party transportation providers for the supply of most of our raw materials and finished products. Transportation strikes in the future could have an adverse effect on supplies from our suppliers. In addition, raw materials and finished products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and finished products which may also affect our business and results of operation negatively. A failure to maintain a continuous supply of raw materials could have a material and adverse effect on our business, financial condition and results of operations.

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

Disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of the third-party transportation providers to deliver us the raw materials and our finished products to our customers in a timely manner or at all. As a result, in the event there is any disruption in the supply of our raw materials and our finished products, performance of our business, results of operations and cash flows may be adversely affected. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers.

27. ***Our sustained growth depends on our ability to attract and retain skilled and qualified manpower. Failure to attract and retain skilled and qualified manpower or to effectively manage our growth could adversely affect our business, and increased employee compensation costs could adversely affect our financial condition. Our operations are labour intensive and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

Our ability to provide high-quality products and services and to manage the complexity of our business depends, in part, on our ability to retain and attract semi-skilled and skilled and qualified manpower in the areas of management, product engineering, design, manufacture, servicing, sales, information technology, and finance. Competition for such personnel is intense and the cost of retaining or replacing such personnel may affect our profitability. In addition, our strategies for growth have placed, and are expected to continue to place, increased demands on our management's and employees' skills and resources.

Further, our manufacturing activities are labour intensive, requiring our management to undertake significant labour interface, and expose us to the risk of industrial action. As on March 31, 2024, we had a large workforce of 206 management staff (manager and above grade), 2,294 permanent workmen, 229 apprentices and 1,566 contract workmen.

As on the date of this Placement Document, we have no labour unions in any of our manufacturing facilities. However, there is no assurance that our employees will not unionize in the future. Further, while we have not experienced any strikes or labour unrest at any of our manufacturing facilities in the last three Fiscals, we cannot assure you that we will not experience work disruptions in the future due to disputes or other problems with our work force. Additionally, we are subject to various ongoing proceedings initiated by certain of our former employees due to alleged wrongful termination of employment. Any such event, at our current facilities or at any new facilities that we may commission or acquire in the future, may adversely affect our ability to operate our business and serve our customers, and impair our relationships with key customers and suppliers, which may adversely impact our business and financial condition. Any changes in the existing labour laws of the countries in which we operate may increase our labour cost and may also increase time spent by our management in labour related matters, which could impact our business and results of operations. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

28. ***We depend on our Senior Management, Key Managerial Personnel, persons with technical expertise and other permanent employees for our business and future growth. If we are unable to recruit and retain such qualified and skilled personnel, our business and our ability to operate or grow our business may be adversely affected.***

Our future performance would depend on the continued service of our Senior Management, Key Managerial Personnel, persons with technical expertise, and the loss of any senior employee and the inability to find an adequate replacement may impair our relationship with key customers and our level of technical expertise, which may adversely affect our business, financial condition, results of operations and prospects. In particular, we rely on the experience and business relationships of our Promoter, Chairman and Managing Director, Srinivasan Ravi, our Senior Management, Key Managerial Personnel, and other business heads, unit heads and functional heads. Should their involvement in our business reduce, or should our relationship with these persons deteriorate for any reason in the future, our business, financial condition, results of operations and prospects may be adversely affected. For further details see, "***Board of Directors and Senior Management***" on page 209. While there has been no instance in the last three Fiscals where the resignation of any Senior Management or Key Managerial Personnel had an adverse impact on our business, results of operations, financial condition and cash flows, we cannot assure you that such instance will not arise in the future.

The continued operations and growth of our business is also dependent upon our ability to attract and retain personnel who have the necessary and required experience and expertise. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Our performance depends largely on the efforts and abilities of these employees. The following table sets forth the attrition rate for the Fiscals/ periods indicated:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of Employees Resigned	400	490	559
Attrition Rate*	15.11%	18.35%	20.85%

*Attrition rate is calculated as overall exits including retired employees divided by average number of employees.

We may require a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with us. We may also be required to increase our levels of employee compensation and benefits more rapidly than in the past to remain competitive in attracting skilled personnel, or to address any breaches on parts of our respective contractors and subcontractors, where we have been the principal employers. Loss of the services of our permanent employees could adversely affect our business, financial condition and results of operations.

29. *If we inadvertently infringe on the intellectual property rights of others, our business and results of operations may be adversely affected.*

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, which may force us to alter our technologies, obtain licences or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be subject to costly litigation or 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. Further, 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, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition. For instance, we received a cease and desist notice dated September 1, 2023 from an entity, alleging that our products multi-tier shelving and pallet racking infringed upon such entity's registered patent for an upright stiffener and required us to withdraw our said products from the market and refrain from its distribution or use without obtaining a license or written permission. Subsequently, we provided a detailed response by our letter dated September 28, 2023, denying the allegations of infringement. As on the date of this Placement Document, we have not received any response to our letter. Further, we received a notice dated February 1, 2024 from an entity, alleging that our product "multi-deep shuttle automated storage and retrieval systems" infringed upon such entity's registered patents and required us to either discuss with them or cease the sale and manufacturing our product. We are currently in the process of discussing the matter with the entity.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. We are bound by confidentiality obligations under our non-disclosure agreements with our customers to protect their intellectual property, including in relation to technical data such as product designs and drawings that may have been shared with us by our customers. An inadvertent breach or any misuse of intellectual property or proprietary data by any of our employees or sub-contractors may expose us to expensive infringement claims and may diminish our goodwill and reputation among our customers, suppliers, lenders, investors and the public, making it difficult for us to operate our business and compete effectively.

30. *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. The following table sets forth our details of credit rating received in the last three Fiscals for our short-term and long-term bank loan facilities:

Rating Agency	Instruments	Credit Rating	Date
CRISIL Ratings Limited	Long Term Loan Facilities	CRISIL AA-/Positive (Reaffirmed)	May 10, 2024
	Short Term Loan Facilities	CRISIL A1+ (Reaffirmed)	
CRISIL Ratings Limited	Long Term Loan Facilities	CRISIL AA-/Positive	July 20, 2023
	Short Term Loan Facilities	CRISIL A1+	
CRISIL Ratings Limited	Long Term Loan Facilities	CRISIL A+/ Positive	January 9, 2023
	Short Term Loan Facilities	CRSIL A1 (Reaffirmed)	
CRISIL Ratings Limited	Long Term Loan Facilities	CRISIL A/ Stable	July 6, 2022
	Short Term Loan Facilities	CRISIL A1	
CRISIL Ratings Limited	Long Term Loan Facilities	CRISIL BBB+/ Stable	June 18, 2021
	Short Term Loan Facilities	CRISIL A2	

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

31. *Our manufacturing facilities are subject to disruptions in or lack of basic infrastructure such as fuel and electricity, which could increase our manufacturing costs or interrupt our operations, which in turn may adversely impact our results of operations.*

We operate 15 strategically located manufacturing facilities across eight cities in India. For a description of our manufacturing facilities, see "***Our Business - Manufacturing Facilities***" on page 204. Any disruptions at any or all of such manufacturing facilities would significantly impact our ability to manufacture certain products and may consequently delay production or require us to shut down our manufacturing facilities. We may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals such as any norms prescribed by pollution control authorities. While we have not encountered any instance of regulatory non-compliance or experienced lack of basic infrastructure such as fuel and electricity which required us to shut down our manufacturing facilities in the last three Fiscals, we cannot assure you that such instance will not arise in the future.

We require substantial power and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. The following tables set forth below our power and fuel expenses for the Fiscals/ periods indicated:

Particulars	Power and Fuel Expenses (₹ lakhs)	Percentage of Revenue from Operations
Fiscal 2022	11,254	5.08%
Fiscal 2023	16,606	5.22%
Fiscal 2024	26,251	5.90%

If power or fuel costs were to rise, or if their supply arrangements were disrupted, our profitability could decline.

We source most of our electricity requirements for our manufacturing facilities from state electricity grids, power exchange and to a lesser extent from our group captive power arrangements in the State of Tamil Nadu and diesel generating sets and natural gas generator sets for standby supply. If supply is not available for any reason, we will need to rely on diesel generating sets, which may not be able to consistently meet our requirements. The cost of electricity from diesel generating sets could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available or we are unable to switch to alternate power source in a short time, we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production, the loss of production in progress and delays in delivery schedules.

32. *We may incur costs on account of relocating our manufacturing facilities in close proximity to the facilities of our OEM customers*

To serve our OEM customers effectively, we have certain manufacturing facilities which are located in close proximity to our customers' facilities. Each of these facilities is located near the plants of the respective OEM customers that it caters to. If any of our customers' facilities are moved from their current locations or shut down, we would incur costs associated with relocating our manufacturing facilities. Our contracts with our customers do not provide for compensation upon the occurrence of such events. In addition, expansion to meet our growth requirements is limited by availability of land and other location issues in certain of our existing manufacturing facilities. We are, and will continue to evaluate various location options for our expansion plans. We may also have to incur capital expenditure to meet such requirements. Costs associated with such changes may have an adverse effect on our business, cash flows, financial condition, and results of operations.

33. *We have in the past entered into related party transactions and may continue to do so in the future.*

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions include, among other things, the purchase of goods and services, sale of goods and services, remunerations to our Key Managerial Personnel, commission to executive and non-executive Directors and sitting fees to non-executive Directors. While all such transactions have been conducted on an arm's length basis, in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transaction, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future subject to compliance with the Companies Act, SEBI Listing Regulations and other statutory requirements. For further information on our related party transactions, see "***Related Party Transactions***" on page 38.

34. ***Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our results of operations, financial condition and cash flows.***

We maintain insurance cover for our properties and assets, standard fire, stock fire, marine cargo, burglary, health, money insurance, accident, product recall liability, machinery breakdown, public liability, future service liabilities, employee compensation, group personal accident and group health insurance policies. We also maintain a directors' and officers' liability insurance policy for all our Directors.

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our manufacturing facilities or corporate offices or in the regions or areas where our manufacturing facilities or corporate offices are located. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. There are many events, other than the ones covered in the insurance policies specified above, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part, on time, or at all. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, results of operations, financial condition and cash flows could be adversely affected. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. While there has been no instance in the last three Fiscals where any event occurred where we experienced losses exceeding our insurance coverage, we cannot assure you that such instance will not arise in the future. Further, any damage or loss to our uninsured assets due to unforeseen events such as natural disasters, accidents, thefts, or other incidents may impact our results of operations, financial condition and cash flows and result in significant monetary losses.

35. ***Our Subsidiaries and our Joint Venture have common pursuits with our Company as they are engaged in similar business or industry segments and may compete with us. Our Directors or Promoter may enter into ventures that may lead to conflicts of interest with our business.***

Our Subsidiaries and our Joint Venture are engaged in a business similar to ours. Therefore, there may be a conflict of interest in allocating business opportunities between us, our Subsidiaries and our Joint Venture. While we will adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, we cannot assure you that there will not be any conflict of interest between our Company, our Subsidiaries and our Joint Venture in the future or if such conflict of interest will be resolved in an impartial manner. We have not entered into any non-compete agreements with our Subsidiaries and our Joint Venture and there can be no assurance that such entities will not compete with our existing business or any future business that we might undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business and financial performance.

As of the date of this Placement Document, our Promoter and certain of our Directors hold directorship in certain companies, including our Subsidiaries, which are in the same line of business as our Company. We cannot assure you that our Directors or Promoter will not provide comparable services, solicit our employees or acquire interests in competing ventures in the locations, sectors in which we operate, which could have an adverse effect on our business, results of operations, financial condition and cash flows.

36. ***Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and financial condition.***

Our operations may be subject to incidents of theft or damage to inventory in transit and prior to or during godown stocking. The business may also encounter some inventory loss on account of employee theft, vendor fraud and general administrative error. While we have not experienced any such instance in the last three Fiscals which had an material adverse effect on our results of operations and financial condition, we cannot assure you that we will not experience any fraud, theft, employee negligence, security lapse, loss in transit or similar incidents in the future, which could adversely affect our results of operations and financial condition.

37. ***Any failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and results of operation.***

Our Company has registered “ Craftsman ” under classes 6, 7 and 12. We own a registered trademark “ WWW.CRAFTSMANAUTOMATION.COM ” for our website under classes 6 and 12. Also, our Company has registered Craftsman under classes 6, 9, 20 and 22 and VSTORE under class 6, 9 and 20 as our trademarks in India and has registered a trademark on words “Craftsman Storage Systems” in Singapore and UAE under clause 6. The use of our trademarks or logos by third parties could adversely affect our reputation, which could in turn adversely affect our business and results of operations. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

Further, we have applied for the registration of certain trademarks and patents, two of which have been opposed or objected to. For further information, see “***Our Business – Intellectual Property***” on page 208. We cannot assure you that such registration of our trademarks and patents will be granted to us in a timely manner, or at all. As a result, we may not be able to prevent infringement of our trademarks and patents until such time that such registration is granted.

If our trademarks or other intellectual property are improperly used, the value and reputation of our brands could be harmed. The measures we take to protect our intellectual property may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe upon our rights, which may have an adverse effect on our business, results of operations and financial condition.

38. ***We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business and operate our manufacturing facilities, which could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We require certain statutory and regulatory permits, licenses and approvals to operate our business, such as consents to establish and operate from the state pollution control boards (where our manufacturing facilities are located), registration and licenses (including factory licenses and building stability certificates) issued under the Factories Act for our manufacturing facilities, license under the Legal Metrology Act , registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of GST, professional taxes and service taxes. While we have obtained all required approvals for our businesses, our licenses, permits and approvals impose certain terms and conditions that require us to incur significant costs and restrict certain of our business activities. We cannot assure you that our approvals, licenses, permits and registrations may not be revoked or suspended in the event of any non-compliance with any terms or conditions set forth thereof.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavour to renew or obtain such permits, licenses and approvals as required, we cannot assure you that the relevant authorities will issue any such approvals within our anticipated timeframe or at all.

Further, we cannot assure you that the legal framework, licensing and other regulatory requirements or enforcement trends in the industries and jurisdictions in which we operate will not further change in a manner that makes it more costly or difficult to renew or obtain the statutory and regulatory permits, licenses and approvals we require to operate our business, or that we will be successful in responding to such changes. Moreover, as we grow our business, the requirements for obtaining new licenses, approvals and authorisations will also increase. If we lose or are otherwise unable to maintain any of our required licenses, registrations, permits and approvals under the applicable laws and regulations, our business operations may be adversely affected which in turn could have an adverse effect on our results of operations, financial condition and cash flows.

39. ***We are subject to various safety, health and environmental laws and labour, workplace and related laws and regulations which may increase our compliance costs and as such adversely affect our business, results of operations and financial condition.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, the laws in India limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of substances that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies and incur costs to remedy the damage caused by such discharges. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable, and could adversely affect our reputation. We are also required to obtain and comply with environmental permits for certain of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016, in order to establish and operate our manufacturing facilities in India and are subject to inspections from the relevant authorities in order to maintain such approvals.

A suspension, cancellation or refusal to extend our approvals and registrations may require us to cease production at some or all of our manufacturing facilities (or may affect other aspects of our operations), which may have an adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators. While we have not been fined or otherwise sanctioned in the last three Fiscals, any fines or sanctions in the future could adversely affect our business, reputation, financial condition or results of operations.

Furthermore, our approvals and registrations are subject to numerous conditions such as audit requirements. Complying with, and changes in, these regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition.

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

We are subject to a number of stringent labour laws. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. We are also subject to international, federal, state and local laws and regulations, in all jurisdictions where we have operations, governing our relationships with our employees, including those relating to minimum wage, overtime, working conditions, hiring and firing, non-discrimination, work permits and employee benefits. Further, in order to retain flexibility and control costs, we appoint independent contractors who, in turn, engage on-site contract labour to perform certain operations. Although we do not engage these labourers directly, in the event of default by any independent contractor, we may be held responsible for providing statutory benefits, including wages to these labourers if the independent contractors fail to do so. Any requirement to fund their wage requirements may have an adverse effect on our business, financial condition, results of operations and cash flows. 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. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition. While we have not experienced any instance wherein we were require to pay the wages of our contract labourers in the last three Fiscals, we cannot assure you that such instance will not arise in the future.

The Government of India enacted the Code on Wages, 2019, the Occupational Safety, Health and Working Conditions Code, 2020 and the Industrial Relations Code, 2020, all the provisions of which will be brought into force on a date to be notified by the Central Government. These codes propose to subsume several existing laws and regulations in India and we cannot assure you that these codes will not impose more stringent or additional compliance requirements on us, which may increase our compliance costs. If there is any failure by us to comply with the new regime, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

Further, certain of our facilities are located near our OEM customers' plants. In the event of a shutdown of the OEM plants, our cost of relocation or establishing new supply lines may adversely impact our business, financial condition and results of operations.

41. ***Failure or disruption of our IT systems may adversely affect our business, financial condition, results of operations and prospects.***

We have implemented various IT systems which covers key areas of our operations, procurement, inventory, sales and dispatch and accounting. For details on our IT systems, see, "***Our Business – Information Technology***" on page 207.

Our ability to keep our business operating depends on the proper and efficient operation and functioning and upgradation of various IT systems, which are susceptible to malfunctions, disruptions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network upgrade problems). Such malfunction or disruptions could cause economic losses for which we could be held liable. A failure of our information technology systems could also cause damage our reputation which could harm our business. Any of these developments, alone or in combination, could have an adverse effect on our business, financial condition and results of operations. Further, a large-scale IT malfunction could lead to disclosure of, and unauthorised access to, our sensitive information.

Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT systems may lead to inefficiency or disruption of IT systems thereby adversely affecting our ability to operate efficiently. Any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyse work in progress and sales, process financial information, meet business objectives based on IT initiatives such as product life cycle management, manage our creditors, debtors, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise materially adversely affect our business, financial condition, results of operations and prospects.

42. *Our ability to pay dividends in the future will depend on our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.*

The dividend distribution policy of our Company was approved and adopted by our Board on May 5, 2021. The dividend, if any, will depend on a number of factors, including but not limited to, our Company's profits after tax during a financial year as compared with previous years and internal budgets, cash flow position of our Company, accumulated reserves including the credit balance of profit and loss account, earnings stability, future cash requirements for organic growth or expansion and/ or for inorganic growth of our Company, current and future leverage, long term investments and capital expenditures. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to business cycles, economic environment, cost of external financing, applicable taxes including tax on dividend, industry outlook for the future, inflation rates, changes in the government policies and business disruptions due to act of god.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. The amounts declared as dividends in the past are not indicative of the dividend which may be declared by our Company, if any, in future. There is no guarantee that any dividends will be declared or paid in future. For details pertaining to the dividends declared and paid by our Company on the Equity Shares during Fiscal 2024, 2023 and 2022 and from April 1, 2024, till the date of this Placement Document, see "***Dividends***" on page 85.

43. *Our Promoter and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Issue and their interests may differ from those of the other shareholders.*

As of the date of this Placement Document, our Promoter and Promoter Group beneficially held 54.99% of our total paid-up share capital prior to the Issue. After the completion of the Issue, our Promoter along with the members of Promoter Group will continue to collectively hold majority of the shareholding in our Company and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditure or any other matter requiring special resolution. This concentration of ownership also may 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 these stockholders. The interests of the Promoter as our controlling shareholders could conflict with our interests or the interests of our other shareholders. We cannot assure you that the Promoter will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

44. ***Our Promoter, Chairman and Managing Director, Srinivasan Ravi, our Whole-time Director, Ravi Gauthamram, certain Key Managerial Personnel and members of Senior management hold Equity Shares in our Company and is therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.***

Our Promoter, Chairman and Managing Director, Srinivasan Ravi and our Whole Time Director, Ravi Gauthamram, certain Key Managerial Personnel and members Senior Management are interested in our Company to the extent of their shareholding in our Company and the dividend entitlement received from our Company, in addition to the normal remuneration or benefits and reimbursement of expenses by our Company. For details regarding the Equity Shares held by our Promoter, Chairman and Managing Director, Srinivasan Ravi and our Whole Time Director, Ravi Gauthamram, Key Managerial Personnel and Senior Management, see, "***Board of Directors and Senior Management – Shareholding of our Directors***" and "***Board of Directors and Senior Management – Shareholding of Key Managerial Personnel and Senior Management***" on pages 211 and 215, respectively.

We cannot assure you that our Promoter, Chairman and Managing Director, Srinivasan Ravi, our Whole-time Director, Ravi Gauthamram or any other interested Director in the future, would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, such Directors in the future may exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Srinivasan Ravi or any other interested Director in the future may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that Srinivasan Ravi, Ravi Gauthamram or any other interested Director in the future will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects.

45. ***Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, EBITDA Margin, Return on Capital Employed, Return on Equity, Net Debt, Net Debt to EBITDA, Debt to Equity Ratio, Current Ratio, Capital Expenditure, Capital Expenditure as a percentage of revenue from operations, Gross Block and Net Block have been included in this Placement Document. 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 security analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such non-GAAP.

These non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years 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. In addition, these are not standardised terms, hence a direct comparison of these non-GAAP measures between companies may not be possible. Other companies may calculate these non-GAAP measures differently from us, limiting its usefulness as a comparative measure. These non-GAAP financial measures and other statistical and other 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 and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

46. ***Certain sections of this Placement Document disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.***

We have availed the services of an independent third-party research agency, CRISIL Limited, appointed by our Company to prepare an industry report titled "*Studying the automobile and automotive component business in India*" dated May 2024, for purposes of inclusion of such information in this Placement Document to understand the industry in which we operate. Our Company, our Subsidiaries, our Promoter, and our Directors are not related to CRISIL Limited. This Report has been commissioned by our Company exclusively in connection with the Issue for a fee. This CRISIL Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Further the commissioned report is not a recommendation to invest or divest in our Company. The data included in the section "***Industry Overview***" on page 117 includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Placement Document, when making their investment decisions.

47. ***Information relating to the installed capacity and capacity utilization of our manufacturing facilities included in this Placement Document are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed capacity and capacity utilisation of our manufacturing facilities included in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the independent chartered engineer, Er. K. Sivakumar, in the calculation of our installed capacity and capacity utilisation, as certified pursuant to a certificate dated June 11, 2024. The information relating to the installed capacity are based on various assumptions and estimates. These assumptions and estimates include the standard capacity calculation practice in our industry and other ancillary equipment installed at our manufacturing facilities. Assumptions and estimates considered for measuring installed capacities include 25 working days in the relevant Fiscal, operating for 22.5 hours a day. Undue reliance should therefore not be placed on our historical installed capacity and capacity utilisation for our existing manufacturing facilities. For tables showing our installed capacity and capacity utilisation for our manufacturing divisions, see "***Our Business – Our Business Segments***" on page 200.

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

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. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. We cannot assure you 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. Such instances may also adversely affect our reputation, thereby adversely impacting our business, cash flows, results of operations and financial condition.

49. ***Our Company intends to utilize a portion of the Net Proceeds for prepayment or repayment of loans from an entity related to the Lead Manager.***

Axis is appointed as the Lead Manager to the Issue and is related to our lender, Axis Bank Limited. We intend to utilize a portion of the Net Proceeds for prepayment of a term loan from Axis Bank Limited, which had a total outstanding amount of ₹ 8,710.00 lakhs as of April 30, 2024. The loan provided by Axis Bank Limited to our Company was provided as part of their ordinary course of lending business and we do not believe that there is any conflict of interest under the SEBI Merchant Bankers Regulations, or any other applicable SEBI rules or regulations. For further details, see "***Use of Proceeds – Objects of the Issue – Repayment / prepayment, in full or in part, of certain outstanding borrowings availed by our Company***" on page 73.

50. ***Our Company may incur penalties or liabilities for non-compliance with certain provisions of the SEBI Listing Regulations.***

The Equity Shares of our Company are listed on BSE and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. In the past, our Company failed to comply with the requirements of the SEBI Listing Regulations in a timely manner. For instance, our Company received an email dated November 21, 2022 from the BSE ("**Notice**") alleging non-compliance with certain provisions of the SEBI Listing Regulations in relation to non-submission of the corporate governance report within the time period specified in the SEBI Listing Regulations and imposing a penalty of ₹1.60 lakhs ("**Penalty**") on our Company. Our Company, pursuant to its letter dated November 30, 2022 and subsequent correspondence had requested the BSE and NSE to grant a waiver from payment of the Penalty. While our Company has been provided a waiver from payment of such Penalty pursuant to the e-mail correspondence dated May 22, 2024 and April 5, 2023 issued by BSE and NSE, respectively and our Company endeavours to comply with obligations and reporting requirements under the SEBI Listing Regulations going forward, there may be non-disclosures or delayed or erroneous disclosures or any other non-compliance in the future and the same may result in Stock Exchanges or SEBI imposing penalties, issuing warnings and show cause notices against us or taking actions as provided under the SEBI Act and rules and regulations made there under. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in an adverse effect on our business, results of operations, financial conditions and cash flows.

51. ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency.***

We propose to utilise the Net Proceeds for the purposes described in "***Use of Proceeds***" on page 72. The funding requirements are based on internal management estimates and current conditions which are subject to changes due to external circumstances, costs, other financial conditions or business strategies. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may place a burden on our finance plans. We may also face delays or incur additional costs due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. We may also use funds for future businesses which may have risks significantly different from what we currently face or may expect. Our proposed deployment of Net Proceeds has not been appraised by any bank or financial institution or any other independent agency and is based on management estimates. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, financial condition, results of operations and cash flows. Further, the application of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

52. ***We have been unable to locate certain of our corporate records.***

We are unable to locate certain of our corporate records with respect to certain transfer of equity shares to our Promoter in the past, and certain forms filed with the RoC, in respect of increase in the authorized share capital of our Company. While we have conducted a search of our records, at our Company's offices as well as that of the RoC, we have not been able to trace the aforementioned corporate records. Owing to the absence of such corporate records, we cannot assure that we will not be subject to risks arising from the unavailability of such corporate records. Although no legal proceedings or regulatory actions have been initiated or pending against us in relation to such untraceable secretarial and other corporate records and documents, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in the future or we will not be subject to penalties imposed by regulatory authorities in this respect.

External Risk Factors

53. ***The cyclical and seasonal nature of automotive sales and production can adversely affect our business.***

The automobile industry has witnessed substantial changes in recent years, including, among others, continued consolidation, outsourcing, decreasing profit margins in certain segments, regulatory, shifts in production to low-cost manufacturing centres and technological changes.

Our Powertrain and Aluminium Products segments are directly related to our customers' vehicle sales and production levels across various segments. Automotive sales and production are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences as well as changes in interest rate levels, consumer confidence and fuel costs. For example, the recent growth in sales of electric vehicles, which is currently more prevalent for personal vehicles, may shift towards commercial vehicles as well, thereby directly impacting our Powertrain and Aluminium Products segments. Our sales are also affected by inventory levels and production levels of automotive manufacturers. We cannot predict when manufacturers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales and financial condition. Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers, which may accelerate sales that would otherwise occur in future periods. In the past, we have experienced sales declines during the manufacturers' scheduled shutdowns or shutdowns resulting from unforeseen events. As we have high fixed production costs, even relatively modest declines in our customers' production levels and thus, our production volumes, can have a significant adverse impact on our profitability. In addition, lower global automotive sales during the global financial crisis resulted in substantially all automotive manufacturers lowering vehicle production schedules. There is no assurance that global automotive sales will continue to recover or not decrease further. Continued uncertainty and other unexpected fluctuations could have an adverse effect on our business, results of operations and financial condition.

The automobile industry is also subject to seasonal characteristics. Generally, demand for our products and aftermarket services increases during the automotive industry's spring selling season and decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in the summer for vacations and changeovers in production lines for new model years. Our customers may also suddenly increase their request for component volumes, which could cause lead time problems and lead to loss of revenue for our customers if we are unable to meet their demands. As a result our relationship with our customers may be impacted and our projects' sales may be adversely affected and result in loss of revenue and reduced margins. Any cancellation or delay in production could have an adverse effect on our sales projections and profitability.

In addition, the automotive component industry is sensitive to other factors beyond our control such as technological changes, cyclicality and unforeseen events, including political instability, recession, inflation, further volatility in fuel prices and other adverse occurrences. Any such event that results in decreased demand in the automotive industry, or increased pressure on automobile manufacturers to develop, implement and maintain in-house automotive component facilities, could have an adverse effect on our business, results of operations and financial condition.

54. ***Political, economic or other factors including but not limited to any changes in laws, rules and regulations and legal uncertainties that are beyond our control may have an adverse impact on our business, financial condition, results of operations and cash flows.***

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

- increase in interest rates may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- High rates of inflation may increase our employee costs and decrease demand for our products and services, which may have an adverse effect on our profitability and competitive advantage, to the extent that we are unable to pass on increased employee costs by increasing cost of our products and services;
- a downgrade of India's sovereign rating by international credit rating agencies may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a change in the trade policies, in terms of tariff and non-tariff barriers, in the countries from which we import raw materials and to which we export our products, may have an adverse effect on our profitability;
- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely impact our financial condition;
- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India;
- the occurrence of natural or man-made disaster or epidemic or pandemic such as COVID-19 may adversely affect economic conditions in India; and
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the financial markets, which may impact our business, financial condition, results of operations and cash flows;

Lastly, changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, which may adversely affect our business, results of operations, financial condition and prospects. Further, the Government of India has announced the interim union budget for the financial year 2024-2025 and has enacted the Finance Act, 2024. While the Finance Act, 2024 does not propose any significant changes to Income-tax Act, 1961 ("**IT Act**"), the full union budget which is likely to be announced later this year may introduce amendments to the IT Act. There is no certainty on the impact of the full union budget on tax laws or other regulations, which may adversely affect the Company's business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

55. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our results of operations, financial condition and cash flows.***

Our Company prepares its annual financial statements in accordance with Ind AS, which differs in certain important aspects from U.S. GAAP, IFRS and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, financial condition and cash flows could be substantially different. Accordingly, the degree to which the financial statements prepared in accordance with Ind AS included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Prospective investors should review the accounting policies applied in the preparation of the financial statements included in this Placement Document and consult their own professional advisers for an understanding of the differences between these accounting policies and those with which they may be more familiar. Any reliance by persons not familiar with Ind AS on the financial information presented in this Placement Document should accordingly be limited.

56. ***If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, financial condition and cash flows. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our consumers. In such case, our business, results of operations, financial condition and cash flows may be adversely affected. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

57. ***Any downgrade of India's debt rating by international rating agencies could adversely affect our business.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

58. ***Rights of shareholders of companies under Indian laws may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions.

Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

59. ***We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.***

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

We may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Issue due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

60. ***We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects. The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, results of operations, financial condition and cash flows.

The Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") was recently notified. The Competition Amendment Act amends the Competition Act and give the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

61. *Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Lead Manager or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.*

Our Company is a company incorporated under the laws of India and all of our Directors are located in India. A majority of our fixed assets and all of our Directors, Key Managerial Personnel and Senior Management are also located in 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 judgments obtained against such parties outside India.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For details on recognition and enforcement of foreign judgments in India, see "***Enforcement of Civil Liabilities***" on page 21. A party seeking to enforce a foreign judgment in India may be required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

Further, a party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, 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 the public policy in India.

Risks in Relation to the Equity Shares and the Issue

62. *We cannot guarantee that the Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.*

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the QIBs, we are required to apply to the Stock Exchanges for listing and trading approvals. After receiving the listing and trading approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIBs and apply for the final listing and trading approvals from the Stock Exchanges. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of their Equity Shares.

Investors can start trading the Equity Shares allotted to them in the Issue only after they have been credited to an investor's demat account, are listed and are permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same.

Further, we cannot assure you that the Equity Shares allocated to an investor will be credited to the investor's demat account, that listing and trading approvals will be issued by the Stock Exchanges in a timely manner, or at all, or that trading in the Equity Shares will commence in a timely manner, or at all. In accordance with applicable Indian laws and regulations and the requirements of the Stock Exchanges, in principle and final approvals for the listing and trading of the Equity Shares to be issued pursuant to the Issue will not be applied for by us or granted by the Stock Exchanges until after such Equity Shares have been issued and allotted by us on the Closing Date. If there is a failure or a delay in obtaining such approvals, we may not be able to credit the Equity Shares allotted to you to your Depository Participant account or assure ownership of such Equity Shares by you in any manner promptly after the Closing Date or at all. In any such event, your ownership over the Equity Shares allotted to you and your ability to dispose of any such Equity Shares may be restricted. For further information on issue procedure, see "***Issue Procedure***" on page 227.

63. ***Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document; you will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of one year from the date of the allotment of the Equity Shares.***

No actions have been taken to permit an offering of the Equity Shares offered in the Issue in any jurisdiction, except for India. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in "***Selling Restrictions***" on page 243. Further, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. Pursuant to the SEBI ICDR Regulations, QIBs will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of one year from the date of the allotment of the Equity Shares. For further information, see "***Transfer Restrictions Purchase and Purchaser Representations***" on page 251. You are required to inform yourself on, and observe, these restrictions. Our Company and its representatives and agents will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

64. ***Any future issuance of Equity Shares could dilute the holdings of investors and could adversely affect the market price of the Equity Shares.***

Our Company may be required to finance our future growth through additional equity offerings. Any future issuance of Equity Shares by our Company could dilute investors' holdings and could adversely affect the market price of the Equity Shares. In addition, any future issuances of Equity Shares, sales by any significant shareholder or a perception in the market that such issuance or sale may occur, could adversely affect the trading price of the Equity Shares. Such securities may also be issued at a price below the then current trading price of the Equity Shares. These sales could also impair our Company's ability to raise additional capital from the sale of Equity Shares. Our Company cannot assure you that it will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

65. ***After this Issue, the price of the Equity Shares may be volatile, which could result in substantial losses for investors acquiring the Equity Shares in this Issue.***

The Issue Price will be determined by our Company, in consultation with the Lead Manager, based on Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. The price at which the Equity Shares will trade at after the Issue will be determined by the marketplace and may be influenced by many factors, including:

- our results of operations, financial condition and cash flows;
- the history of and prospects for our business;
- an assessment of our management, our past and present operations and the prospects for, as well as timing of, our future revenues and cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial condition, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;

- changes in interest rates;
- fluctuations in stock market prices and volume; and
- general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our results of operations, financial condition or cash flows.

66. *Foreign investors are subject to certain investment restrictions under Indian law, which may adversely impact the trading price of the Equity Shares.*

A company based in India may issue equity instruments to a person resident outside India subject to entry routes, sectoral caps and attendant conditions prescribed in the FEMA Rules. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required.

Further, in accordance with the Consolidated FDI Policy dated October 15, 2020, Government of India, investments 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. These investment restrictions shall also apply to subscribers of offshore derivative instruments. In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India.

These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

67. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a Shareholder's ability to sell, or the price at which a Shareholder can sell, the Equity Shares at a particular point in time.*

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by the Stock Exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker applicable to the Equity Shares is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may change the percentage limit of the circuit breaker from time to time without our Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot assure you regarding the ability of Shareholders to sell the Equity Shares or the price at which Shareholders may be able to sell their Equity Shares - which may be adversely affected at a particular point in time. For further details, see "***The Securities Market of India***" on page 254.

68. *Fluctuations in the exchange rate between the 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 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 Rupees may affect the value of the investment in the Equity Shares. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the 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 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 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 Rupee if investors in jurisdictions outside India analyses its value based on the relevant foreign currency equivalent of our Company's results of operations, financial condition and cash flows.

69. ***Investors may be subject to Indian taxes arising out of capital gains and stamp duty on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on equity shares sold on an Indian stock exchange. Any capital gain exceeding ₹100,000, realized on the sale of listed equity shares on a recognised stock exchange, held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT is paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will 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 read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. 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 realised upon the sale of the Equity Shares.

70. ***Bidders are not allowed to withdraw their Bids or revise their Bids downwards after the Bid/ Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Bidders are not allowed to withdraw their Bids or revise their Bids downwards after the Bid/ Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to an Allottee's demat account with the depository participant could take approximately seven to ten Working Days from the Bid/ Issue Closing Date. However, we cannot assure that adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, adverse changes in our business, results of operation, financial condition and cash flows, or other events affecting the Bidder's decision to invest in the Equity Shares would not arise between the Bid/ Issue Closing Date and the date of the Allotment of Equity Shares in the Issue. The occurrence of any such events after the Bid/ Issue Closing Date could also adversely impact the market price of the Equity Shares. Bidders shall not have the right to withdraw their Bids 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 Allottees' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

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

Under the Companies Act, a company having share capital and incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new Equity Shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such a resolution. If our Company offers to the Shareholders rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making the rights available to our Shareholders or in disposing of the rights for the benefit of our Company's Shareholders and making the net proceeds available to the Shareholders. Our Company may choose not to offer the rights to Shareholders having an address outside India. Consequently, our Company cannot assure Shareholders that they will be able to maintain their proportional interests in the Equity Shares. Shareholders will be unable to exercise their pre-emptive rights if the law of the jurisdiction in which they are located prohibits the sale of the Equity Shares without first filing an offering document or registration statement, unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available to Shareholders by Indian law. To the extent that Shareholders are unable to exercise the pre-emptive rights granted to them in respect to the Equity Shares, they may suffer future dilution of their ownership position and their proportional interests in us would be reduced.

72. *U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.*

A non-U.S. corporation will be a PFIC if either (i) 75.00% or more of its gross income is passive income or (ii) 50.0% or more of the total value of its assets is attributable to assets, including cash that produce or are held for the production of passive income. Our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Based on the current and expected composition of our Company's and the Subsidiaries' income and assets, our Company believes it was not a PFIC for fiscal year ended March 31, 2024, and does not expect to be a PFIC for the current year or any future years. However, no assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company's and the Subsidiaries' income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 2,11,28,311 Equity Shares have been issued, subscribed and are fully paid up. The face value of our Equity Shares is ₹5 per equity share. The Equity Shares are listed and are available for trading on BSE and NSE.

On June 19, 2024, the closing price of the Equity Shares on BSE and NSE was ₹4,885.70 and ₹4,890.50 per Equity Share, respectively. The tables below set out, for the periods indicated, the high, low and average closing prices and the trading turnover on NSE and BSE for our Equity Shares.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on NSE and BSE and number of Equity Shares traded on the days on which such high and low prices were recorded and the total trading turnover for the Fiscals 2022, 2023 and 2024:

NSE

Fiscal	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the year (₹)	Total Volume of Equity Shares traded in the fiscal (in number)	Total Turnover of Equity Shares traded in the Fiscals (₹ in lakhs)
Fiscal 2024	5,429.15	December 22, 2023	27,398	1,492.67	3,014.75	April 10, 2023	42,450	1,281.97	4,380.93	10,657,781	4,67,799.09
Fiscal 2023	3,626.40	January 02, 2023	127,590	4,575.52	2,093.70	June 20, 2022	35,257	746.12	2,837.76	12,216,269	3,60,545.16
Fiscal 2022	2,652.70	November 01, 2021	51,725	1,387.48	1,273.20	April 22, 2021	194,559	2,461.09	2,011.08	11,422,927	2,16,762.78

(Source: www.nseindia.com*)*

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 presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Fiscal	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the year (₹)	Total Volume of Equity Shares traded in the fiscals (in number)	Total Turnover of Equity Shares traded in the Fiscals (₹ in lakhs)
Fiscal 2024	5,423.00	December 22, 2023	2,430	132.18	3,016.35	April 10, 2023	1,981	59.73	4,381.34	594,421	25,996.60
Fiscal 2023	3,611.75	January 02, 2023	10,244	367.55	2,091.00	June 20, 2022	1,445	30.90	2,837.42	2,041,332	62,839.21
Fiscal 2022	2,653.90	November 01, 2021	7,520	201.55	1,276.05	April 22, 2021	7,569	95.56	2,010.33	1,443,865	26,869.69

(Source: www.bseindia.com*)*

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 presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on NSE and BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months preceding this Placement Document**:**

NSE

Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the month (₹)	Equity Shares traded in the month	
										volume	Turnover (₹ in lakhs)
May, 2024	4446.90	May 18,2024	3,697	164.71	4190.35	May 29. 2024	49,365	2,078.29	4334.23	780,233	33,752.54
April 2024	4684.60	April 26, 2024	47,775	2,237.44	4263.00	April 22, 2024	28,359	1,219.38	4413.56	961,582	42,983.26
March 2024	4332.50	March 27, 2024	52,734	2,248.72	3837.10	March 19, 2024	28,229	1,087.83	4085.22	831,313	33,637.31
February 2024	4453.25	February 20, 2024	65,268	2,896.35	4066.70	February 08, 2024	78,725	3,227.01	4254.81	963,075	41,125.85
January 2024	5339.35	January 01, 2024	13,491	722.66	4376.30	January 31, 2024	180,506	7,908.26	4866.19	1,014,544	48,277.56
December 2023	5,429.15	December 22, 2023	27,398	1,492.67	5027.70	December 13, 2023	23,622	1,189.38	5,237.85	603,645	31,644.23

(Source: www.nseindia.com*)*

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 month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the month (₹)	Equity Shares traded in the month	
										volume	Turnover (₹ in lakhs)
May, 2024	4447.70	May 18, 2024	488	21.71	4185.90	May 29, 2024	2,2182	91.73	4332.73	33,119	1,437.56
April 2024	4686.90	April 26, 2024	1,789	83.76	4266.25	April 22, 2024	2,512	108.26	4413.86	71,757	3,192.82
March 2024	4328.15	March 27, 2024	6,114	260.45	3840.45	March 19, 2024	2,472	95.19	4084.45	48,262	1,961.76
February 2024	4452.00	February 20, 2024	2,063	91.59	4068.90	February 08, 2024	5,761	235.97	4256.24	57,561	2,414.44
January 2024	5329.65	January 01, 2024	672	36.07	4374.55	January 31, 2024	8,717	383.05	4866.15	59,454	2,838.99
December 2023	5,423.00	December 22, 2023	2,430	132.18	5028.25	December 13, 2023	2,286	115.06	5,238.17	39,802	2,075.36

(Source: www.bseindia.com*)*

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 month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

C. The following table sets forth the market price of our Equity Shares on NSE and BSE on April 29, 2024, the first working day following the approval of our Board for the Issue:

NSE						BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in lakhs)	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in lakhs)
4484.60	4505.00	4368.10	4,423.50	1,57,942	7,020.78	4506.45	4506.45	4374.50	4420.30	16,168	718.38

(Source: www.nseindia.com and www.bseindia.com)

USE OF PROCEEDS

The Gross Proceeds from the Issue aggregate to ₹1,20,000 lakhs. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions, and the estimated expenses of the Issue of approximately ₹2,330 lakhs (inclusive of taxes), shall be approximately ₹1,17,670 lakhs (the "**Net Proceeds**").

Objects of the Issue

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds to finance the following:

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

2. Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary; and

3. General corporate purposes.

(collectively, referred to as the "**Objects**").

Requirement of Fund

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

(*in ₹ lakhs*)

S. No.	Particulars	Amount
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	65,000
2.	Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary	25,000
3.	General corporate purposes*	27,670
	Total	**1,17,670**

** The amount to be utilised for general corporate purposes will not exceed 25% of the Gross Proceeds.*

The main objects and objects incidental and ancillary to the main objects of the memorandum of association of our Company enable us to undertake (i) existing activities, and (ii) the activities proposed to be funded from the Net Proceeds.

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 basis the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

(*in ₹ lakhs*)

Sr. No.	Particulars	Amount to be funded from Net Proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2025
1.	Repayment /pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	65,000	65,000
2.	Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary	25,000	25,000
3.	General corporate purposes *	27,670	27,670
	Total Net Proceeds	**1,17,670**	**1,17,670**

******* *The amount to be utilised for general corporate purposes will not exceed 25% of the Gross Proceeds.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our internal management estimates, prevailing market conditions, operating plans and the growth strategies of our Company and other commercial factors and other agreements entered into by our Company and our Subsidiaries, which are subject to change in the future. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. For details, see "***Risk Factors** - **Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency.***" on page 61.

We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management and obtaining necessary approvals/ consents, as applicable, in accordance with applicable law. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the planned expenditure for a particular purpose, at the discretion of our management, subject to compliance with applicable law. Subject to applicable law, if the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be utilised (in part or full) in subsequent periods, as determined by us, in accordance with applicable law.

In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Details of Objects

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

We avail fund-based and non-fund-based facilities in the ordinary course of business from various banks and financial institutions. The borrowing arrangements entered into by us include, *inter alia*, term loans and working capital facilities. As of March 31, 2024, our borrowings were ₹1,40,303 lakhs, on standalone basis. We propose to utilise a portion of the Net Proceeds aggregating up to ₹65,000 lakhs for repayment and / or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company. 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) levy of any prepayment penalties and the quantum thereof, (iv) provisions of any laws, rules and regulations governing such borrowings, and (v) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

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, we may utilise the Net Proceeds for part prepayment of any such facilities. Furthermore, pursuant to the terms of the borrowing arrangements, pre-payment of certain indebtedness may attract pre-payment charges as prescribed by the respective lender. Such pre-payment charges, as applicable, will also be funded out of the Net Proceeds and/or internal accruals.

We believe that such repayment and/or pre-payment of certain loans by utilizing the Net Proceeds will help reduce our outstanding indebtedness and our guarantee obligations. Further, it will reduce our debt-servicing costs and improve our debt equity ratio and credit ratings, and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the since our debt-equity ratio and credit ratings will improve, it will enable us to raise further capital at competitive rates in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

If any of the below mentioned loans are repaid or refinanced or if any additional credit facilities are availed or drawn down or further disbursements under the existing facilities that are availed by our Company, then our Company may utilise the Net Proceeds for prepayment / repayment of any such refinanced facilities or repayment of any additional facilities / disbursements obtained by our Company. However, the aggregate amount to be utilised from the Net Proceeds towards the repayment / prepayment, in part or in full, of certain of our outstanding loans will not exceed ₹65,000 lakhs.

To the extent required, our Company has obtained necessary consents from the lenders of these borrowings as per the requirements under the borrowing arrangements.

Details of utilization

Given the nature of these borrowings and the terms of repayment and/or pre-payment, the aggregate outstanding borrowing amounts may vary from time to time, however the aggregate amount to be utilised from the Net Proceeds towards repayment and/ or pre-payment of the borrowings in full or part shall not exceed ₹65,000 lakhs. The details of certain outstanding borrowings availed by our Company, proposed for repayment or pre-payment, in full or in part, from the Net Proceeds are set forth below:

S. No.	Name of the lender	Nature of the borrowing	Sanctioned amount at April 30, 2024 (in ₹ lakhs)	Amount outstanding as at April 30, 2024 (in ₹ lakhs)	Interest rate at April 30, 2024 (p.a.) (%)	Tenor/ Repayment Schedule	Prepayment Penalty	Purpose
1.	Standard Chartered Bank	Term loan facility	3,785.00	1,875.97	14.25	20 quarterly instalments	Break cost and prepayment fees of 2% prepayment cost on the amount to be prepaid	Capital expenditure
2.	Tata Capital Financial Services Limited	Term loan facility	6,000.00	5,750.00	9.75	12 quarterly instalments	Prepayment penalty of 1% if prepayment is made within first 18 months No penalty if prepayment amount is paid post completion of 18 months, for the remainder of the tenure	Acquisition of shares of the target company
3.	Aditya Birla Financial Services Limited	Term loan facility	15,000.00	12,500.00	9.75	26 quarterly instalments	Prepayment penalty of 2% on the outstanding amount if there is prepayment during a period of one year Post one year, no prepayment charges to be levied, if the loan is repaid out of internal accruals	General corporate purpose and acquisition finance
4.	Bajaj Finance Limited	Term loan facility	10,000.00	8,333.33	9.50	24 quarterly instalments	Nil	General purpose corporate loan and acquisition financing
5.	Bajaj Finance Limited	Term loan facility	5,000.00	2,750.00	8.55	20 quarterly instalments	Nil	Capital expenditure and reimbursement of capital expenditure
6.	Bajaj Finance Limited	Term loan facility	5,000.00	5,000.00	9.00	20 quarterly instalments	Prepayment not allowed during moratorium period. Nil charges if prepaid after moratorium period.	General purpose corporate loan

S. No.	Name of the lender	Nature of the borrowing	Sanctioned amount at April 30, 2024 (in ₹ lakhs)	Amount outstanding as at April 30, 2024 (in ₹ lakhs)	Interest rate at April 30, 2024 (p.a.) (%)	Tenor/ Repayment Schedule	Prepayment Penalty	Purpose
7.	Export and Import of India Bank	Term loan facility	13,000.00	11,374.99	8.32	24 quarterly instalments	Option to pre pay the loan in the event of non-acceptance of higher interest rate without any prepayment premium. In other circumstance prepayment upon banks discretion including 1% premium payment.	Capital expenditure
8.	HDFC Bank Limited	Term loan facility	10,500.00	2,105.31	9.40	20 quarterly instalments	As mutually agreed	Capital expenditure
9.	HDFC Bank Limited	Term loan facility	12,500.00	12,500.00	8.20	24 quarterly instalments	As mutually agreed	Capital expenditure
10.	International Finance Corporation	Term loan facility	21,600.00	11,544.42	9.23	13 half yearly instalments	A prepayment premium to be paid consisting of an amount in the loan currency equal to: (a) 2% of the amount to be prepaid if prepayment is made after the no prepayment period but or on before the third anniversary of the first disbursement; (b) 1% of the amount to be prepaid if the prepayment is made after the third anniversary of the first disbursement and but on or before the fifth anniversary of the first disbursement; and (c) 0% if prepayment made after fifth anniversary of first disbursement	Capital expenditure
11.	Indian Bank	Term loan facility	10,000.00	10,000.00	8.45	54 monthly instalments	Nil	Capital expenditure

S. No.	Name of the lender	Nature of the borrowing	Sanctioned amount at April 30, 2024 (in ₹ lakhs)	Amount outstanding as at April 30, 2024 (in ₹ lakhs)	Interest rate at April 30, 2024 (p.a.) (%)	Tenor/ Repayment Schedule	Prepayment Penalty	Purpose
12.	Federal Bank Limited	Term loan facility	12,500.00	9,895.83	8.20	24 quarterly instalments	As mutually agreed	Capital expenditure
13.	State Bank of India	Term loan facility	10,000.00	9,993.63	8.20	72 monthly instalments	No prepayment penalty if paid from internal accruals/equity infusion, otherwise 2% of the prepaid amount to be paid	Capital expenditure
14.	Axis Bank Limited*	Term loan facility	10,000.00	8,718.20	8.15	24 quarterly instalments	Prepayment after the moratorium period, no prepayment charges if paid out of internal accruals	Capital expenditure
15.	Indian Overseas Bank	Term loan facility	10,000.00	1,541.58	8.05	72 monthly instalments	Applicable prepayment charges during moratorium period, no prepayment charges post	Capital expenditure
	Total (A)		**1,54,885.00**	**1,13,883.26**				
16.	State Bank of India	Working capital facility	17,500.00	15,077.59	7.43-7.45	Working capital limits are repayable on demand	If the repayment is out of internal / own sources no prepayment conditions to working capital	Working capital requirements
17.	Standard Chartered Bank	Working capital facility	6,000.00	2,500.00	8.50	Working capital limits are repayable on demand	Break cost and prepayment fees of 2% on the amount to be prepaid	Working capital requirements
18.	Axis Bank Limited*	Working capital facility	7,500.00	0.00	8.00	Working capital limits are repayable on demand	For prepayment of working capital demand loan,- prepayment may be made subject to a premium of 2% on the amount paid	Working capital requirements
19.	HDFC Bank Limited	Working capital facility	6,000.00	3,002.06	7.63-7.88	Working capital limits are repayable on demand	As mutually agreed from time to time	Working capital requirements
20.	RBL Bank Limited	Working capital facility	7,500.00	6,333.76	7.30-7.40	Working capital limits are repayable on demand	Nil	Working capital requirements
21.	Indian Bank	Working capital facility	10,000.00	8,553.11	7.60	Working capital limits are repayable on demand	Nil	Working capital requirements

S. No.	Name of the lender	Nature of the borrowing	Sanctioned amount at April 30, 2024 (in ₹ lakhs)	Amount outstanding as at April 30, 2024 (in ₹ lakhs)	Interest rate at April 30, 2024 (p.a.) (%)	Tenor/ Repayment Schedule	Prepayment Penalty	Purpose
22.	Yes Bank Limited	Working capital facility	5,500.00	5,000.00	7.90	Working capital limits are repayable on demand	Nil	Working capital requirements
	Total (B)		**60,000.00**	**40,466.52**				
	Total (A+B)		**2,14,885.00**	**1,54,349.78**				

Note: All working capital demand loans are rolling credit facilities.

Axis Capital Limited is appointed as the Lead Manager to the Issue and is related to Axis Bank Limited. However, on account of this relationship, Axis Capital Limited does not qualify as associate of our Company in terms of Regulations 21(A)(1) of the SEBI Merchant Bankers Regulations and read with Regulation 23(3) of the SEBI ICDR Regulations. Further, the loan sanctioned by Axis Bank Limited to our Company, is part of their ordinary course of lending business. Accordingly, we do not believe that there is any conflict of interest in terms of the SEBI Merchant Bankers Regulations or any other applicable SEBI regulations. For further details, see "Risk Factors – Our Company intends to utilize a portion of the Net Proceeds for prepayment or repayment of loans from entities related to the Lead Manager**" on page 49.*

2. Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary

Our Company had entered into a share purchase agreement and a shareholders' agreement each dated December 29, 2022, with DR Axion, Daerim International Co Ltd ("**Daerim**"), the parent company of DR Axion and DR Axion Co. Ltd, a principal shareholder of DR Axion, to acquire 8,57,65,631 equity shares representing 76.00% of the total paid-up equity share capital of DR Axion ("**Initial Acquisition**"). Post the Initial Acquisition, DR Axion became a subsidiary of our Company in February 2023.

As on the date of this Placement Document, our Company holds 76.00% of the total paid-up equity share capital of DR Axion, on a fully diluted basis, and our Company proposes to utilize ₹25,000 lakhs from the Net Proceeds ("**Proposed Funding**") towards acquisition of the remaining 2,70,83,884 equity shares, representing 24.00% of the total paid-up equity share capital of DR Axion ("**Proposed Acquisition**"). In this regard, our Company has already entered into a share purchase agreement dated May 4, 2024 ("**SPA**") with DR Axion, Daerim and DR Axion Co. Ltd for a consideration of ₹25,000 lakhs, subject to customary adjustments at closing, if any. Post closing of the Proposed Acquisition, DR Axion will become a wholly owned subsidiary of our Company.

Rationale for further investment:

DR Axion is primarily engaged in the business of manufacturing aluminum cylinder heads and blocks and our Company and DR Axion both operate in the auto components space and have strengths in other ancillary areas. The Proposed Acquisition will enable us to have further control on our products and is expected to, among others (i) strengthen our Company's presence in the passenger vehicle segment; (ii) provide process synergies, and access to the customer base of DR Axion; and (iii) provide opportunity to enter the e-mobility solutions market for passenger vehicles. Further, the Proposed Acquisition will also provide us the complete control over DR Axion, benefits of higher shareholding and right to receive complete dividend of DR Axion, if declared, in addition to the strategic benefits set out above. The Proposed Acquisition will be undertaken in the manner approved by our Board of Directors by way of its resolution dated May 4, 2024 and the term and conditions of the SPA.

In the event that the actual consideration paid for Proposed Funding is higher than the amount proposed to be funded from Net Proceeds, our Company will pay the additional amount from its internal accruals. In the event that there is a surplus, such amounts shall be utilized towards other Objects or general corporate purposes in accordance with applicable law.

Our Directors, Promoter, members of the Promoter Group, Key Managerial, Senior Management Personnel and Group Companies do not have any interest in the Proposed Funding.

3. General Corporate Purpose

The Net Proceeds will first be utilized towards the Objects as set out above and in compliance with the circular bearing reference no. NSE/ CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 20221213-47 dated December 13, 2022, issued by BSE. Subject to this, our Company intends to deploy any balance Net Proceeds towards general corporate purposes, and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, that is not exceeding ₹30,000 lakhs, in compliance with applicable laws. Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, funding growth opportunities, strategic initiatives, partnerships, tie ups, meeting exigencies and expenses, and other expenses, make payments towards vendors and any other purpose as may be decided by our management, from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in construction or procuring equipment; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our management, in accordance with applicable laws.

The use of proceeds indicated hereinabove is based on management estimates, current circumstances of our business and the prevailing market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency. Subject to applicable law, our management will have flexibility in deploying the Net Proceeds. We may have to revise our funding requirements and deployment from time to time on account of various factors such as financial condition, business strategy and external factors such as market conditions including the competitive environment and interest or exchange rate fluctuations, increase in input costs of construction materials and labour costs, logistics and transport costs, incremental pre-operative expenses, taxes and duties, interest and finance charges, engineering procurement and construction costs, working capital margin, regulatory costs, environmental factors and other external factors which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management.

Monitoring of utilisation of funds

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Ratings Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**") by way of an agreement dated May 29, 2024, as the size of our Issue exceeds ₹10,000 lakhs. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the Net Proceeds of the Issue have been utilised. The board of directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

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 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. The report of the Monitoring Agency shall be placed before our Audit Committee on a quarterly basis, promptly upon its receipt.

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. This information will also be published on our website simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds towards the purposes described in this section, our Company intends to deposit the Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including money market / mutual funds, as approved by the Board and/or a duly authorised committee of the Board, from time to time, and in accordance with applicable laws. Such investments would be in accordance with the investment policies as approved by our Board from time to time and applicable laws.

Other confirmations

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 final listing and trading approvals are received from each of the Stock Exchanges. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorised committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, 2013 prescribed Objects as disclosed above and other applicable laws.

Our Company's management will have flexibility in deploying the Net Proceeds received by our Company from the Issue in accordance with applicable laws.

Subject to applicable laws, our Board shall determine the quantum of Net Proceeds to be deployed by our Company from the Issue, depending on business opportunities or requirements of our Company from time to time.

Neither of our Promoter, members of the Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects.

Since the Issue is only made to Eligible QIBs, our Promoter, members of the Promoter Group, Directors, Key Managerial Personnel or members of the Senior Management (including 'key managerial personnel' under the Companies Act, 2013) are not eligible to subscribe in the Issue.

CAPITALIZATION STATEMENT

The following table sets forth the capitalization statement of our Company, on a consolidated basis, as of March 31, 2024 which is derived from the Audited Consolidated Financial Statements and adjusted to give effect to the receipt of the Gross Proceeds of the Issue.

This table should be read in conjunction with "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and other financial information contained in the "***Financial Information***" beginning on pages 39, 86 and 278, respectively.

(in ₹ lakhs, except ratios)

Particulars	Pre-Issue (as of March 31, 2024)	Amount after considering the Issue (i.e., Post Issue)#^
Non-Current Borrowings (including current maturities)	1,26,622	1,26,622
Current Borrowings	28,021	28,021
Total Borrowings (A)	**1,54,643**	**1,54,643**
Equity Share Capital	1,056	1,192
Other Equity	1,74,110	2,93,974
Total Equity (B)	**1,75,166**	**2,95,166**
Total Capitalisation (A+B)	**3,29,809**	**4,49,809**
Ratio: Non-Current Borrowings/Total Equity (B)	**0.72**	**0.43**
Ratio: Total Borrowings (A)/ Total Equity (B)	**0.88**	**0.52**

Adjustments do not include Issue related expenses.

^ *As adjusted to reflect the number of Equity Shares issued pursuant to the Issue.*

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Placement Document, is set forth below.

	Particulars	Aggregate nominal value
A)	**AUTHORISED SHARE CAPITAL**	
	4,00,00,000 Equity Shares of face value of ₹5 each	20,00,00,000
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	2,11,28,311 Equity Shares	10,56,41,555
C)	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	27,27,272 Equity Shares aggregating to ₹1,20,000 lakhs (1)	1,36,36,360
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	2,38,55,583 Equity Shares	11,92,77,915
E)	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on the date of this Placement Document)	2,81,22,63,147
	After the Issue (2)	14,79,86,23,587

(1) *The Issue has been authorised and approved by our Board of Directors pursuant to its resolution passed on April 27, 2024. Subsequently, our Shareholders have authorised and approved the Issue through a special resolution on May 27, 2024.*

(2) *The securities premium account after the Issue is calculated on the basis of Gross Proceeds.*

Equity Share capital history of our Company

Notes to Capital Structure:

1. **Share Capital History**

(a) History of equity share capital of our Company

The following table sets forth the history of the equity share capital of our Company.

Date of issue / allotment	No. of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment
July 18, 1986	303	100	100	Cash	Subscription to the MoA(1)
March 29, 1989	1,697	100	100	Cash	Further issue(2)
March 31, 1992	3,000	100	100	Cash	Further issue(3)
March 31, 1997	20,000	100	100	Cash	Further issue(4)
March 31, 2000	35,000	100	100	Cash	Further issue(5)
March 31, 2004	25,000	100	100	Cash	Further issue(6)
March 26, 2007	95,000	100	100	Cash	Further issue(7)
March 26, 2007	2,25,000	100	N.A.	N.A.	Bonus issue(8)
September 20, 2010	66,263	100	6,791.12	Cash	Further issue(9)
August 2, 2012	89,100	100	9,548.80	Cash	Further issue(10)
August 21, 2012	14,540	100	9,548.80	Cash	Further issue(11)
December 21, 2017	4,31,177	100	N.A.	N.A.	Bonus issue(12)
Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and our Shareholders on April 30, 2018, the face value of the Equity Shares was sub-divided from ₹100 per equity share to ₹5 per Equity Share. Accordingly, the issued, subscribed and paid-up Equity Share capital of our Company being 1,006,080 equity shares of ₹100 each was sub-divided into 20,121,600 Equity Shares of ₹5 each.					
March 22, 2021	10,06,711	5	1,490	Cash	Allotment pursuant to an initial public offering
Total	**2,11,28,311**				

(1) *Subscription of 101 equity shares by Srinivasan Ravi, 101 equity shares by Ramesh Muthuramalingam and 101 equity shares by Sridhar Kumarasamy, being the initial subscribers to the MoA.*

(2) *Allotment of 247 equity shares to Srinivasan Ravi, 300 equity shares to S. Manoranjitham, 250 equity shares to S. Murali, 300 equity shares to Chithra Ravi, 300 equity shares to Chitra Murali and 300 equity shares to S. Santhiavalliammal.*

(3) *Allotment of 1,150 equity shares to Ramesh Muthuramalingam, 250 equity shares to Chithra Ravi, 250 equity shares to Chitra Murali, 900 equity shares to K. Gomatheswaran, 250 equity shares to Anandhi Ramesh and 200 equity shares to. Thulasiammal.*

(4) *Allotment of 4,550 equity shares to Srinivasan Ravi, 3,250 equity shares to Govinda Swamy Srinivasan, 2000 equity shares to S. Manoranjitham, 4,850 equity shares to S. Murali, 700 equity shares to Chithra Ravi, 400 equity shares to Chitra Murali, 3,250 equity*

shares to K. Gomatheswaran and 1,000 equity shares to S. Santhiavalliammal.

(5) *Allotment of 16,100 equity shares to Srinivasan Ravi, 4,000 equity shares to Govinda Swamy Srinivasan, 5,250 equity shares to S. Manoranjitham, 7,500 equity shares to S. Murali, 500 equity shares to Chitra Murali, 1,000 equity shares to K. Gomatheswaran and 650 equity shares to Chithra Ravi.*

(6) *Allotment of 8,600 equity shares to Srinivasan Ravi, 875 equity shares to Ramesh Muthuramalingam, 1,735 equity shares to Govinda Swamy Srinivasan, 2,135 equity shares to S. Manoranjitham, 7,860 equity shares to S. Murali, 690 equity shares to Chithra Ravi, 495 equity shares to Chitra Murali, 2,435 equity shares to K. Gomatheswaran and 175 equity shares to Anandhi Ramesh.*

(7) *Allotment of 78,245 equity shares to Srinivasan Ravi, 6,540 equity shares to S. Murali and 10,215 equity shares to K. Gomatheswaran.*

(8) *Bonus issue to all existing shareholders of our Company in the ratio of five equity shares for every four equity shares held, by way of capitalization of a portion of existing reserves, authorised by our Shareholders through a resolution passed at the EGM dated March 7, 2007. 168,750 equity shares allotted to Srinivasan Ravi, 33,750 equity shares allotted to S. Murali and 22,500 equity shares allotted to K. Gomatheswaran.*

(9) *Allotment of 66,263 equity shares to IFC.*

(10) *Allotment of 89,100 equity shares to Standard Chartered Private Equity (Mauritius) II Limited. Subsequently, the equity shares were transferred to Marina, pursuant to a deed of adherence dated March 17, 2017.*

(11) *Allotment of 14,540 equity shares to IFC.*

(12) *Bonus issue to all existing shareholders of our Company in the ratio of three equity shares for every four equity shares held, by way of capitalization of a portion of existing reserves, authorised by our Shareholders through a resolution passed at the EGM dated December 11, 2017. 227,812 equity shares allotted to Srinivasan Ravi, 45,563 equity shares allotted to S. Murali, 30,375 equity shares allotted to K. Gomatheswaran, 60,602 equity shares allotted to IFC and 66,825 equity shares allotted to Marina.*

Preference Shares

As on the date of this Placement Document, there are no outstanding preference shares.

Employee Stock Option Plan

As on the date of this Placement Document, our Company does not have an employee stock option scheme.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI Regulations, Allotment shall be made by our Company, in consultation with the Lead Manager, to Eligible QIBs only, on a discretionary basis. For details of the names of the proposed Allottees, and the percentage of post-Issue capital that may be held by them, please see "***Details of Proposed Allottees***" beginning on page 519.

Pre-Issue and post-Issue shareholding pattern

The following table provides the pre-Issue shareholding pattern as of March 31, 2024 and the post-Issue shareholding pattern:

Sr. No.	Category	Pre-Issue		Post-Issue*	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
	A. Promoter / Promoter Group holding#				
1.	Indian				
	Individual	1,16,18,013	54.99	1,16,18,013	48.70
	Bodies corporate	-	-	-	-
2.	Foreign	-	-	-	-
	Sub-Total (A)	**1,16,18,013**	**54.99**	**1,16,18,013**	**48.70**
	B. Public holding				
	Institutional investors	60,32,576	28.55	87,59,848	36.72
	Non- Institutional investors	-	-	-	-
	Bodies corporate	3,56,410	1.69	3,56,410	1.49
	*Resident Individuals**	18,48,298	8.75	18,48,298	7.75
	Directors and their relatives (excluding independent directors and nominee directors)	-	-	-	-
	*Indian public***	1,52,623	0.72	1,52,623	0.64
	*others including non-resident Indians (NRIs)****	11,20,391	5.30	11,20,391	4.70
	Sub - Total (B)	**95,10,298**	**45.01**	**1,22,37,570**	**51.30**
	Grand Total (A+B)	**2,11,28,311**	**100.00**	**2,38,55,583**	**100.00**

**Resident Individuals includes resident Individual holding nominal share capital up to Rs. 2 lakhs and resident individual holding nominal share capital in excess of Rs. 2 lakhs.*

*** Indian Public includes Trusts, LLP, HUF, Clearing Member and KMP.*

 # Others including Non-resident Indians (NRI) includes Foreign Companies and Non-resident individuals.

Other confirmations

a. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into Equity Shares as on the date of this Placement Document.

b. The Promoter, the Directors, the members of the Senior Management and the Key Managerial Personnel of our Company do not intend to participate in the Issue.

c. There will be no change of control of our Company pursuant to the Issue.

d. Our Company has not made any allotment of Equity Shares or preference shares, including for consideration other than cash, in the one year immediately preceding the date of filing of this Placement Document.

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

f. Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice to convene the meeting of our Shareholders, i.e. May, 4, 2024, for approving the Issue.

DIVIDENDS

The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and the applicable laws including Companies Act, 2013 together with the applicable rules issued thereunder. Our Board may also, from time to time, declare interim dividends. For further information, see "***Description of the Equity Shares***" beginning on page 259.

The dividend distribution policy of our Company was approved and adopted by our Board on May 5, 2021. We may retain all our future earnings, if any, for use in the operations and expansion of our business. The amounts declared as dividends in the past are not indicative of the dividend which may be declared by our Company, if any, in future. There is no guarantee that any dividends will be declared or paid in future. Investors are cautioned not to rely on past dividends as an indication of future performance of our Company or for an investment in the Equity Shares offered in the Issue. The dividend, if any, will depend on a number of factors, including but not limited to, our Company's profits after tax during a financial year as compared with previous years and internal budgets, cash flow position of our Company, accumulated reserves including the credit balance of profit and loss account, earnings stability, future cash requirements for organic growth or expansion and/ or for inorganic growth of our Company, current and future leverage, long term investments and capital expenditures. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to business cycles, economic environment, cost of external financing, applicable taxes including tax on dividend, industry outlook for the future, inflation rates, changes in the government policies and business disruptions due to act of god.

Further, our shareholders may not expect dividend in certain circumstances including but not limited to an event of growth opportunity where our Company may be required to allocate a significant amount of capital or higher working capital is required for business operations or otherwise, inadequacy of cashflow available for distribution, inadequacy or absence of profits and allocation of internal accruals to tide over business disruptions. 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 future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***" on page 58.

The dividends (including interim dividend, if any) declared and paid by our Company on the Equity Shares during Fiscals 2022, 2023 and 2024 and from April 1, 2024, till the date of this Placement Document are as follows:

Particulars	**Fiscal 2022**	**Fiscal 2023**	**Fiscal 2024**	**April 1, 2024 till the date of this Placement Document**
No. of Equity Shares	2,11,28,311	2,11,28,311	2,11,28,311	2,11,28,311
Face value per share (in ₹)	5	5	5	5
Aggregate Dividend (in ₹ lakhs)	792(1)	2,377(2)	2,377(3)	Nil
Dividend per share (in ₹)	3.75	11.25	11.25	Nil
Rate of dividend (%)	75	225	225	Nil
Mode of Payment	Electronic	Electronic	Electronic	N.A.

(1) Includes unpaid dividend of ₹0.16 lakhs as on the date of this Placement Document
(2) Includes unpaid dividend of ₹0.73 lakhs as on the date of this Placement Document
(3) Includes unpaid dividend of ₹0.25 lakhs as on the date of this Placement Document.

The Equity Shares to be issued in connection with the Issue shall qualify for all dividends, including interim dividend, if any, that is declared, and record date thereof occurs after Allotment.

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

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscal 2022, 2023 and 2024 and should be read in conjunction with "**Financial Information"** on page 278.*

*This Placement Document contains forward-looking statements that involve risks and uncertainties. Our results could differ from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. For further details, see "**Forward-Looking Statements**" on page 19. Also see "**Risk Factors**" and "**- Significant Factors Affecting our Results of Operations**" on pages 39 and 87, respectively, for a discussion of certain factors that may affect our business, results of operations, financial condition and cash flows.*

*Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. Unless otherwise indicated or the context otherwise requires, the financial information included in this section as at and for the year ended March 31, 2022, 2023 and 2024 has been derived from our respective Fiscal 2022 Audited Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements. See, "**Financial Information**" beginning on page 278. Also, pursuant to a share purchase agreement dated December 29, 2022, our Company acquired 76.00% of the paid-up equity share capital of DR Axion India Private Limited ("**DR Axion**") which became our Subsidiary with effect from February 1, 2023 and therefore, DR Axion was consolidated with effect from February 1, 2023 for our Fiscal 2023 Audited Consolidated Financial Statements. Hence, our Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements are not directly comparable with Fiscal 2022 Audited Consolidated Financial Statements. See "**Presentation of Financial Information and Other Conventions**" on page 14 and "**– Presentation of Financial Information**" on page 91. Unless the context otherwise requires, references to "our Company" are to Craftsman Automation Limited on a standalone basis, while references to "we", "us" or "our" (including in the context of any financial or operational information) are to Craftsman Automation Limited, its Subsidiaries and Joint Venture on a consolidated basis. Also, see "**Definitions and Abbreviations**" on page 23 for certain terms used in this section.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Also see "**Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our results of operations, financial condition and cash flows.**" on page 63.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Studying the automobile and automotive component business in India" dated May 2024 (the **"CRISIL Report**") prepared and issued by CRISIL Limited and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Issue. The data included herein and in the section "**Industry Overview**" includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner in the section "**Industry Overview**". Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular calendar year or Fiscal refers to such information for the relevant calendar year or Fiscal. For further information, see "**Industry Overview**" on page 117. For further information, see "**Risk Factors – Certain sections of this Placement Document disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.**" on page 59. Also see "**Industry and Market Data**" on page 17.*

Overview

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments: (i) Powertrain Segment; (ii) Aluminium Products Segment; and (iii) Industrial & Engineering Segment. Our comprehensive suite of products and solutions encompass design, process engineering and manufacturing which includes foundry, heat treatment, fabrication, machining and assembly facilities.

- *Powertrain Segment*: Our key products consists of highly engineered engine products such as cylinder blocks, cylinder heads, camshafts, transmission parts, gear box housings, turbo chargers and bearing caps. These products are used by original equipment manufacturers in the production of commercial vehicles, special utility vehicles, tractors and off-highway vehicles.

- *Aluminium Products Segment*: We offer a wide range of aluminium products and solutions for precision components. This segment is equipped with an array of processes including high pressure die casting, low pressure die casting and gravity die casting machines for components manufacturing as well as machining tools and assembly lines. Our key products in this segment consist of highly engineered products including crankcase and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles, gear box housing for heavy commercial vehicle and aluminium products for power transmission.

- *Industrial & Engineering Segment*: Our in-house engineering and design capabilities have enabled us to develop a diverse product portfolio in this segment under two distinct sub-segments:

    - *Product Manufacturing Sub-segment*: This comprises solutions for conventional and automated storage and manufacturing of material handling equipment such as hoists and crane kits. Our offerings under storage solutions encompass pallets, racking, shelving, vertical storage solutions tailored to various sectors such as fast-moving consumer goods, e-commerce, food and beverages, logistics, pharmaceutical and electronics.

    - *High end Components and Sub-assemblies Sub-segment*: Under this sub-segment, we manufacture high-end precision products such as industrial gear and gear boxes, marine engines and accessories, special purpose machines for metal cutting and non-metal applications such as washing and leak testing solutions, tool room, mould base and sheet metal and also undertake sub-assembly for third-parties.

We operate 15 strategically located manufacturing facilities across eight cities in India, with a total built up area of over 1.80 million square feet. Some of these manufacturing facilities are located in close proximity to some of our customers, allowing us to meet their delivery schedules, provide logistical advantages to our customers, and insulate them from local supply or other disruptions. Our manufacturing facilities are equipped with advanced machinery and equipment, engineered layout with process controls and necessary automations to enhance quality and productivity.

Our manufacturing operations are conducted from facilities which are operated by us, allowing us to maintain quality control and safety throughout our manufacturing processes. We also have a wholly-owned overseas subsidiary, Craftsman Europe B.V. (*formerly known as Craftsman Marine B.V.*), incorporated in the Netherlands in 2008. Through this overseas subsidiary, we engage in marketing, sales and servicing of marine engines and other associated equipment used in yachts. These products, branded as ‘Craftsman Marine’, are manufactured and assembled by us in India and exported to expand our presence in the European market. As we have grown our operations, we have along the way entered into joint ventures, which have helped us gain access to new customers, business segments, geographies, expertise and technologies. Our joint venture Carl Stahl Craftsman Enterprises Private Limited, located in India, is engaged in marketing, installation, commissioning and rendering after-sales services for material handling equipment such as chain hoists, rope hoists and cranes kits. These products are manufactured by us under the name “Carl Stahl Craftsman”. Further, we acquired 76.00% of the equity share capital of DR Axion with effect from February 1, 2023, which manufactures aluminium cylinder heads and blocks for passenger vehicles through gravity and low-pressure die castings. This acquisition has helped us strengthen our presence in the passenger vehicle segment, provide process synergies, access the customer base of DR Axion. and provide opportunities for us to enter the e-mobility solutions market for passenger vehicles.

Significant Factors Affecting our Results of Operations

Macro-economic conditions and factors affecting the sectors in which we operate

We derive a significant portion of our revenue from the manufacture and supply of automotive components to our OEM customers. Sales of our products are directly linked to the production and sales of automobiles by our major customers, particularly in the commercial vehicles, two-wheelers and passenger vehicles, farm equipment and construction equipment sectors. The demand for automotive components depend primarily on the prevailing business conditions in the automotive industry, which, in turn, depend to a large extent on general macro-economic conditions. In addition, our industrial & engineering segment products such as storage, material handling and gears, have a correlation with gross capital formation and capital expenditure since they are considered capital goods.

Some of the general macro-economic factors that can affect demand for our products and as a result for our business, include the following:

- global and local economic instability, fiscal instability and the overall GDP growth in a country or region, and growth in personal disposable income in that country or region impacts the affordability of the people in buying of two or four wheelers and demand for products;

- agriculture and industrial growth of the country and its impact on the goods movement, levels of agricultural activity, farm income impacts the farm equipment demand, rural household income and their affordability;

- gross capital formation, planned expenditure and government revenues and its impact on the capital expenditure funding in respect of power distribution and spending on railway expansion/modernization;

- global oil prices, which impacts the automotive industry and consequently the components industry, both globally and in India;

- global and local political and regulatory measures and developments;

- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market;

- availability of auto financing options;

- volatility in exchange rates;

- government initiatives such as Make in India and manufacturing subsidies;

- trade agreements with nations and international trading barriers by India and other countries; and

- laws on minimum wages, labour laws, pay commissions and other factors shaping the income levels of the middle class population.

The demand for automotive vehicles and industrial and engineering products is generally influenced by macro-economic indicators. Stronger indicators often result in higher demand, while weaker indicators tend to lead to lower demand. The cyclical nature of general macro-economic conditions and, therefore, of the automotive and engineering industry can cause substantial fluctuations in our operational results over different periods. We expect that these macro-economic factors and conditions in the automotive industry, particularly changes in consumer confidence, employment levels, fuel prices, consumer spending on two-wheeler, four-wheeler and commercial vehicles, urbanisation, government policies and interest rates, will continue to be the most important factors affecting our revenues and results of operations.

See "***Industry Overview***" on page 117, for a discussion of macroeconomic conditions in the global economy and Indian economy, respectively, and a more detailed description of the automotive components industries in the markets in which we operate.

Raw material costs, operating costs and efficiencies

Our business, financial condition, results of operations and prospects are significantly impacted by the prices of raw materials purchased or imported by us as well as any changes in global metal prices, particularly, aluminium ingots, steel coil, and ferrous castings and tools. Raw material costs (consisting of the costs of materials consumed and changes in inventories of finished and work-in-progress) constitute the most significant portion of our expenditures, representing 46.64%, 51.20%, and 53.27% of our revenue from operations for Fiscal 2022, 2023 and 2024, respectively.

Raw material pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, fuel prices and availability, power tariffs and currency exchange rates. This volatility in commodity prices can significantly affect our raw material costs. Further, volatility in fuel prices can also affect commodity prices worldwide which may significantly increase our raw material costs.

Historically, as a practice, we have priced our products so as to largely pass the increase in cost of metals, especially aluminium, onto our customers for our operations. Further, our contracts with our customers generally provide for pass through of any variation in the raw material costs. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. In addition, we are especially not able to pass all of our raw material price increases to our customers for our operations, as we sell integrated systems rather than individual components. The inability to pass fluctuations in raw material prices on to our customers may materially and adversely affect our profits and profit margins.

Given the nature of our business, our ability to manage our operating costs and efficiencies is critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes. In addition, we face pressure from our key customers to reduce prices. We continually undertake efforts to reduce our costs in order to protect our margins, such as interchanging capacity, product mix and manpower between facilities by moving machinery from one location to another, rationalising suppliers, negotiating volume discounts, outsourcing non-critical processes, reducing energy usage and rationalising our manpower. 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.

The improvements in operational efficiency is generally a gradual process. Most of our general purpose machine tools with change in attachments such as jigs, fixtures and tools certain modification are capable of being used interchangeably amongst our three business segments, depending on the demand for products under each segment. For Fiscal 2022, 2023 and 2024, our EBITDA Margin was 24.44%, 21.89% and 20.15%, respectively.

Employee benefits expense comprises a large part of our expense after raw material costs. For Fiscal 2022, 2023 and 2024, our employee benefits expense was ₹ 18,776 lakhs, ₹ 23,350 lakhs and ₹ 28,846 lakhs, respectively, representing 8.47%, 7.34% and 6.48% of our revenue from operations, respectively. Our employee benefit expenses are affected by statutorily prescribed minimum wage as well as wage payments following retrenchment, besides the increase in headcount due to increase in volumes. As a material portion of our overall manpower is located in India, rising wages in India will have a material impact on our net income.

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, manpower, 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 costs.

Key customers

We derive a significant portion of our revenue from our top 10 customers. For Fiscal 2022, 2023 and 2024, our revenue from top ten customers accounted for 58.13%, 56.80% and 67.42% of our revenue from operations, respectively. Demand for our products from these customers has a significant impact on our results of operations and financial condition, and our revenue are particularly affected by the inventory and production levels of our key customers. We consciously follow a policy of diversifying our customer base. The loss of key customers may harm our financial condition and results of operations. Moreover, we face competition from competitors both domestically and internationally, who we compete with in relation to specific sectors, segments, sub-segments or geographies. Our key competitive strengths include quality, cost, delivery, technical capability, level of vertical/ horizontal integration, and quality of management. Typically, large suppliers work only with a limited number of OEMs. Consequently, we do not have a single competitor across all our product ranges.

OEMs and suppliers are continuing to implement various cost-cutting strategies, which include the restructuring of operations, relocation of production to low-cost regions, vendor rationalisation and sourcing on a global basis. We believe that the criticality of the products we manufacture, our strong relationships with many of our customers, lack of alternate vendors, our ability to quickly scale up our production, quality and delivery commitment and ability to produce diverse range of products across a number of geographies will allow us meet these business challenges.

The demand from our customers determines our revenue levels and results of operations, and our revenue are directly affected by production and inventory levels of our customers. New investments or increased revenue by our customers tends to increase our revenue and results of operations, while a slow-down in demand for our customers' products tends to have an adverse impact on our revenues 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 industry. See, "- ***Macro-economic conditions and factors affecting the sectors in which we operate***" on page 87. For instance, foreign exchange fluctuations may subdue exports for some of our customers, in turn affecting the size of their order book and consequently have a negative impact on the demand for our components, or new model launches by our OEM customers can have a positive impact on demand for our components.

Our sales to our 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 our customers' purchases.

While our constant interaction with our customers enable us to understand their business plans and their business strategy, it is difficult for us to predict with certainty when our customers will decide to increase or decrease inventory levels or levels of production, any sudden change in their strategic direction, or whether future inventory levels will be consistent with historical levels. 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.

Expansion of our product portfolio

Our vertically integrated manufacturing and engineering capabilities enable us to capitalize on the growing opportunities and emerging trends in our industry. In line with this, we have divided our focus across three business segments.

- *Powertrain Segment:* We intend to focus on manufacturing large engine parts for off-highway vehicles and industrial applications. This will allow us to tap into the growing need for high-performance powertrain components in various heavy-duty sectors.

- *Aluminium Products Segment*: We intend to focus on manufacturing alloy wheels for passenger vehicles and two-wheelers to take advantage of the increasing demand for lightweight vehicles.

- *Industrial & Engineering Segment*: We intend to focus on the precision machining of parts for windmill and capital goods such as high strength windmill parts and machine tool structural parts. In addition, we seek to increase our market share in the storage solutions business, where we intend to leverage our strong product development, designing, engineering and manufacturing capabilities along with our strong relationships with our existing customers. In particular, we intend to expand our presence in the automated storage system solutions which require high precision racking, which we are capable of providing from our manufacturing facility in Pune, Maharashtra.

The success of these products depends on our management's ability to identify high growth potential opportunities and utilise our resources to develop these opportunities, which could have a significant impact on our results of operations.

Availability of funds for capital expenditure and working capital requirements

Given the sector in which we operate, we have substantial capital expenditure and working capital requirements. We have significantly invested in our machining and manufacturing capacities to meet the growing demand from our customers and to expand our product portfolio. For Fiscal 2022, 2023 and 2024, our capital expenditure aggregated to ₹ 22,293 lakhs, ₹ 33,588 lakhs, and ₹ 63,302 lakhs, respectively, representing 10.06%, 10.55% and 14.22% of our revenue from operations. In addition, we require a significant amount of our working capital to finance the purchase of materials and the performance of manufacturing and other work before payment is received from customers. In Fiscal 2022, 2023 and 2024, our working capital utilization was ₹ 19,322 lakhs, ₹ 13,048 lakhs and ₹ 28,021 lakhs, respectively.

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, technological changes and additional market developments and new opportunities in the automotive, industrial and engineering segments.

Our expansion plans

We have expanded and upgraded our existing manufacturing facilities in the last three Fiscals. For Fiscal 2022, 2023 and 2024, our additions to plant and machinery was ₹ 17,319 lakhs, ₹ 27,002 lakhs and ₹ 43,800 lakhs respectively. Our growth is dependent on making capital expenditure to increase our installed manufacturing capacity, primarily for manufacturing new products. For example, we are in the process of setting up two new greenfield manufacturing facilities at Bhiwadi, Rajasthan and Kothavadi, Tamil Nadu. The manufacturing facility at Bhiwadi, Rajasthan will initially focus on manufacturing aluminium products, powertrains and structural parts, while the manufacturing facility at Kothavadi, Tamil Nadu will initially focus on manufacturing powertrains for off-highway and stationary engines, as well as industrial and engineering products for wind energy.

In addition, we are in the process of setting up a new manufacturing facility at Faridabad, Haryana for the production of certain products within our Powertrain Segment and we may set up a new manufacturing facility at Nagpur, Maharashtra.

We expect that our expansion plans will allow us to meet the anticipated increase in our product's demand in the future, enable us to supply growing markets more efficiently and drive growth. However, changes in macroeconomic and market conditions for the commercial vehicle industry, such as increase in interest rates, changes in consumer confidence and spending on commercial vehicles or our failure to increase our sales of components to non-automotive industries, may hinder our ability to capitalise on the expansion of our manufacturing capacities.

Acquisitions

We may consider opportunities for inorganic growth, such as through mergers and acquisitions, business transfer or strategic investments, to acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, improve operational efficiency, and enhance our expertise and knowledge. For example, in February 2023, we acquired 76.00% of the paid-up equity share capital of DR Axion, which is engaged in the manufacturing of aluminium cylinder heads and blocks for passenger vehicles through gravity and low-pressure die castings. Further, pursuant to a share purchase agreement dated May 4, 2024, we intend to acquire the remaining 24.00% of the total paid-up equity share capital of DR Axion by utilizing a portion of the proceeds of the Issue. For further information, see "***Use of Proceeds – Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary***" on page 78.

Acquiring new businesses typically requires significant efforts resulting in additional expenses and requiring significant management time. For instance, (i) during the pre-acquisition stage, we typically incur significant costs for identifying suitable opportunities for deal structuring, acquisition and executing an effective due diligence process on the potential targets; and (ii) during the post-acquisition, we incur costs for integrating and operating acquired businesses including coordination of sales and marketing, and integration of employees.

In addition, if we are unable to overcome the potential challenges associated with the integration process and achieve our objectives following an acquisition, the anticipated benefits and synergies of our future acquisitions may not be realized fully, or at all, or may take longer to realize than expected. Further, such businesses acquired may not be profitable. Failure to realize anticipated benefits in a timely manner or at all, could have an adverse effect on our business and results of operations.

PRESENTATION OF FINANCIAL INFORMATION

In this Placement Document, we have included Fiscal 2022 Audited Financial Statements, Fiscal 2023 Audited Financial Statements and Fiscal 2024 Audited Financial Statements along with the respective audit reports thereon. Unless otherwise indicated or the context otherwise requires, the financial information included in this section as at and for the year ended March 31, 2022, 2023 and 2024 has been derived from our respective Fiscal 2022 Audited Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements. See, "***Financial Information***" beginning on page 278. Also, pursuant to a share purchase agreement dated December 29, 2022, our Company acquired 76.00% of the paid-up equity share capital of DR Axion which became our Subsidiary with effect from February 1, 2023 and therefore, DR Axion was consolidated with effect from February 1, 2023 for our Fiscal 2023 Audited Consolidated Financial Statements. Hence, our Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements are not directly comparable with Fiscal 2022 Audited Consolidated Financial Statements.

MATERIAL ACCOUNTING POLICIES

Property Plant and Equipment

All property, plant and equipment except land is recognised at historical cost less depreciation. Freehold land is carried at historical cost.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Internal margins are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset are not included in the cost of the asset. Borrowing Costs are recognized as a component of the carrying amount of a self-constructed item of PPE if its meets the recognition criteria under Ind AS.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table:

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	8 to 20 Years
Used Plant and Machinery	8 to 10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

INVENTORY

The cost of inventory items is determined by using weighted average cost formula.

Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the Group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is two to three years. Tools which are not refurbishable are charged off to Statement of Profit and Loss upon issue for usage. The “tools in use” are carried at cost less accumulated amortization.

The Group regularly assesses whether there is any indication of a diminution in the value of inventories. Such indications may include, but are not limited to, evidence of obsolescence, damage, changes in market conditions, or significant declines in selling prices. This policy applies to all inventories held by the company, including raw materials, work in progress, and finished goods. If there is objective evidence of a diminution in the value of inventories, the carrying amount of the inventories is reduced to their net realizable value.

IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group determines whether there is any indication that its assets (PPE, intangible assets and investments in equity instruments subsidiaries and joint ventures carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

REVENUE RECOGNITION

Sale of Goods & Rendering of Services

Revenue is recognised when a performance obligation in a customer contract has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed as at the reporting date.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

FINANCIAL INSTRUMENTS

Group Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit or Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss, and is included in the "Other Income".

Amounts previously recognised in Other Comprehensive Income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of Profit or Loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit or Loss.

When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit or Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

SEGMENT REPORTING

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- *Powertrain*: This segment develops, manufactures, sells its goods and services of powertrain and related products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining equipment.

- *Aluminium Products*: This segment develops, manufactures, sells its and goods and services consisting of aluminium products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles and products for power transmission and other industrial usage.

- *Industrial & Engineering*: This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

OTHER ACCOUNTING POLICIES

Property Plant and Equipment

Recognition and Measurement

All Property Plant & Equipment (PPE) are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of Profit or Loss.

INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2 years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows:

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit or Loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Development Expenditure recognized as intangible assets are amortized over a period of 3 years.

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

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.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a Lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

INVENTORY

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realizable Value whichever is lower. Cost includes direct materials, labour and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realizable value in the last two months.

The Group selects a reasonable basis for allocating overhead costs to inventory items. Common allocation bases include direct labour hours, machine hours, or direct material costs. Overheads refer to indirect costs incurred in the production process that cannot be directly traced to specific inventory items. These costs include, but are not limited to, factory overheads, utilities, depreciation of production equipment, and indirect labour costs. Overhead costs are allocated to inventory items using the above mentioned allocation basis.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

   Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of Subsidiaries and joint ventures) are subsequently measured at fair value.

   Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through Other Comprehensive Income. Fair value of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of Group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and net off bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are initially recognised at transaction value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

PROVISIONS

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Information by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

    (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

    (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the Financial Information by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions as at the reporting date represent the value of management's best estimate of possible rejections within the next one quarter.

REVENUE RECOGNITION

Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

EMPLOYEE BENEFITS

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

Employee State Insurance (ESI)

Payments to defined contribution plans i.e., Group's contribution to employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

Defined benefit plans

Gratuity

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and Loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.

- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note D.d for hedging accounting policies).

FOREIGN OPERATIONS

In the Group's Consolidated Financial Information, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of Craftsman Europe BV is EURO.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

<u>Current Tax</u>

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

<u>Deferred Tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NON-GAAP MEASURES

In evaluating our business, we consider and use certain non-GAAP financial measures that are presented below as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures are not intended to be considered in isolation or as a substitute for the consolidated financial statements. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures have limitations as analytical tools. Further, these non-GAAP financial measures may differ from similar information used by other companies, including peer companies, and their comparability may be limited. Therefore, the following metrices should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

See, "***Risk Factors – Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***" on page 59.

EBITDA and EBITDA Margin

The following table sets forth our EBITDA and EBITDA Margin, which are non-GAAP financial measures, for Fiscal 2022, 2023 and 2024. We calculate EBITDA as profit before tax plus finance costs and depreciation, amortization and impairment expense. We define our EBITDA margin as EBITDA divided by revenue from operations.

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for percentages)		
Profit before tax	25,173	35,479	44,469
Add: Finance costs	8,422	12,023	17,454
Add: Depreciation, amortization and impairment expense	20,599	22,161	27,769
EBITDA	**54,194**	**69,663**	**89,692**
EBITDA Margin (EBITDA as a percentage of revenue from operations)	**24.44%**	**21.89%**	**20.15%**

Return on Capital Employed ("ROCE")

The following table sets forth our ROCE, which is a non-GAAP financial measure, as at and for Fiscal 2022, 2023 and 2024. Our ROCE is defined as EBIT divided by average capital employed. We calculate EBIT as profit before tax plus finance costs. We calculate the average capital employed as the average of opening and closing balance of capital employed and capital employed is calculated as total assets less current liabilities.

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for percentages)		
Profit before tax	25,173	35,479	44,469
Add: Finance costs	8,422	12,023	17,454

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for percentages)		
EBIT	**33,595**	**47,502**	**61,923**
Average Capital Employed	**1,63,199**	**2,13,053**	**2,86,965**
ROCE	**20.59%**	**22.30%**	**21.58%**

Return on Equity ("ROE")

The following table sets forth our ROE, which is a non-GAAP financial measure as at and for Fiscal 2022, 2023 and 2024. We calculate ROE as profit for the year divided by average shareholders' equity.

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for percentages)		
Profit for the year	16,309	25,096	33,733
Average Shareholders' Equity	105,259	128,682	159,478
ROE	**15.49%**	**19.50%**	**21.15%**

Net Debt to EBITDA Ratio

The following table sets forth our Net Debt to EBITDA ratio, which is a non-GAAP financial measure, for Fiscal 2022, 2023 and 2024. We define our Net Debt as total debt (sum of current borrowings and non-current borrowings) less cash and cash equivalents and other bank balances. We calculate our Net Debt to EBITDA ratio by dividing Net Debt by EBITDA.

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for ratio)		
Total Debt (sum of current borrowings and non-current borrowings) **(A)**	71,560	1,15,272	1,54,643
Cash and Cash Equivalents **(B)**	2,943	2,732	6,349
Other Bank Balances **(C)**	1,405	2,002	1,953
Net Debt (D) = (A) – (B) – (C)	**67,212**	**1,10,538**	**1,46,341**
EBITDA (E)	**54,194**	**69,663**	**89,692**
Net Debt to EBITDA Ratio (D)/ (E)	**1.24**	**1.59**	**1.63**

Debt to Equity Ratio

The following table sets forth our Debt to Equity ratio, which is a non-GAAP financial measure, for Fiscal 2022, 2023 and 2024. We define our debt as sum of current borrowings and non-current borrowings. We calculate our Debt to Equity ratio by dividing total debt by total equity.

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for ratio)		
Total Debt (sum of current borrowings and non-current borrowings) **(A)**	71,560	1,15,272	1,54,643
Total Equity **(B)**	1,13,574	1,43,790	1,75,166
Debt to Equity Ratio (D)/ (E)	**0.63**	**0.80**	**0.88**

Current Ratio

The following table sets forth our Current ratio, which is a non-GAAP financial measure, for Fiscal 2022, 2023 and 2024. We calculate our Current ratio as current assets divided by current liabilities.

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except for ratio)		
Current Assets **(A)**	1,02,939	1,48,790	1,78,298
Current Liabilities **(B)**	97,808	1,24,237	1,53,079
Current Ratio (D)/ (E)	**1.05**	**1.20**	**1.16**

KEY COMPONENTS OF INCOME AND EXPENDITURE

Total Income

Our total income comprises our revenue from operations and other income.

Revenue from operations

Our revenue from operations comprises sale of products, sale of services, and other operating revenues. Our revenue from sale of products comprises revenues from domestic and export sales. Our revenue from sale of services comprises machining and service charges. Further, our other operating revenues comprise revenue from sale of swarf and others, duty drawback, EPCG income on fulfilling export obligations and export incentive under the RoDTEP scheme.

Other income

Our other income comprises interest income from deposits measured at amortized cost, interest income due to unwinding of fair valued assets, rent advance, net gain on sale of assets, rental income, exchange rate gain or loss on transaction and others.

Expenses

Cost of materials consumed

Our cost of materials consumed comprises cost of goods sold, carriage inward, and sub-contract charges.

Change in inventories of finished goods

Our change in inventories of finished goods and work-in-progress indicate the difference between our opening and closing inventory of, finished goods and work-in-progress.

Employee benefits expense

Employee benefits expense primarily comprise salary and wages, contributions to provident fund and employee state insurance, contribution to gratuity fund, managerial remuneration and staff welfare expenses.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairment expense includes depreciation of property, plant and equipment, amortization of intangible assets, amortization of right of use assets, write off, impairment expenses/ reversal of capital working in progress.

Other expenses

Other expenses primarily comprised manufacturing expenses (which consisted of expenses in relation to stores, spares and tool consumed, power and fuel, repairs and maintenance towards machinery, building, and others, and payment to contractors), administrative expenses (which primarily consisted of professional and consultancy charges, travelling expenses, insurance charges, and general administrative expenses), and selling expenses (which comprised packing material consumed, carriage outwards, and sales promotion expenses).

Finance costs

Finance costs primarily comprised interest expenses, other borrowing costs, and net gain or loss on foreign currency transactions and translation in relation to foreign borrowings.

Tax expenses

Our tax expenses include current tax and deferred tax.

RESULTS OF OPERATIONS FOR FISCAL 2022, 2023 AND 2024

The following table sets forth certain information with respect to our results of operations, on a consolidated basis, for the years indicated:

Particulars	Fiscal 2022		Fiscal 2023		Fiscal 2024	
	(in ₹ lakhs)	**Percentage of Total Income**	**(in ₹ lakhs)**	**Percentage of Total Income**	**(in ₹ lakhs)**	**Percentage of Total Income**
Income						
Revenue from Operations	2,21,702	99.67%	3,18,260	99.61%	4,45,173	99.61%
Other Income	740	0.33%	1,254	0.39%	1,724	0.39%
Total Income	**2,22,442**	**100.00%**	**3,19,514**	**100.00%**	**4,46,897**	**100.00%**
Expenses						
Cost of materials consumed	1,06,549	47.90%	1,69,964	53.19%	2,52,153	56.42%
Changes in inventories of finished goods and work-in progress	(3,144)	(1.41)%	(7,021)	(2.20)%	(15,022)	(3.36)%
Employee benefits expense	18,776	8.44%	23,350	7.31%	28,846	6.45%
Depreciation, amortization and impairment expense	20,599	9.26%	22,161	6.94%	27,769	6.21%
Other expenses	46,105	20.73%	63,606	19.91%	91,313	20.43%
Finance costs	8,422	3.79%	12,023	3.76%	17,454	3.91%
Total expenses	**1,97,307**	**88.70%**	**2,84,083**	**88.91%**	**4,02,513**	**90.07%**
Profit before share of profit from joint venture & tax	**25,135**	**11.30%**	**35,431**	**11.09%**	**44,384**	**9.93%**
Share of profit from Joint Venture	38	0.02%	48	0.02%	85	0.02%
Profit before tax	**25,173**	**11.32%**	**35,479**	**11.10%**	**44,469**	**9.95%**
Tax expense:						
Current tax	8,855	3.98%	12,259	3.84%	11,702	2.62%
Deferred Tax	9	0.00%	(1,876)	(0.59)%	(966)	(0.22)%
Profit for the year	**16,309**	**7.33%**	**25,096**	**7.85%**	**33,733**	**7.55%**

Fiscal 2024 compared to Fiscal 2023

Total Income

Our total income increased by 39.87%, from ₹ 3,19,514 lakhs in Fiscal 2023 to ₹ 4,46,897 lakh in Fiscal 2024, on account of the factors discussed below.

Revenue from operations

Our revenue from operations increased by 39.88%, from ₹ 3,18,260 lakhs in Fiscal 2023 to ₹ 4,45,173 lakhs in Fiscal 2024, primarily as a result of increase in the sales of our products and services during this period.

Revenue from sale of products

Our revenue from sale of products increased by 53.08%, from ₹ 2,26,908 lakhs in Fiscal 2023 to ₹ 3,47,356 lakhs in Fiscal 2024, primarily as a result of increase in domestic sales by 58.69% which was partially offset by a decrease in export sales by 3.42%, as discussed below.

<u>Domestic and export mix</u>

Our revenue from domestic sales increased by 58.69%, from ₹ 2,06,421 lakhs in Fiscal 2023 to ₹ 3,27,570 lakhs in Fiscal 2024, primarily as a result of full year consolidation of our Subsidiary DR Axion in Fiscal 2024 compared to two months of consolidation in Fiscal 2023 and increase in domestic sales to customers in Powertrain Segment and Aluminium Products Segment.

Our revenue from export sales decreased by 3.42%, from ₹ 20,487 lakhs in Fiscal 2023 to ₹ 19,786 lakhs in Fiscal 2024, primarily as a result of on-going wars in Eurasia, the new conflict in the Middle East region and the Red Sea crisis.

Sale of Services

Our revenue from sale of services increased by 5.21%, from ₹ 64,844 lakhs in Fiscal 2023 to ₹ 68,225 lakhs in Fiscal 2024, primarily as a result of increase in machining revenue.

Other operating revenues

Our other operating revenues increased by 11.63%, from ₹ 26,508 lakhs in Fiscal 2023 to ₹ 29,592 lakhs in Fiscal 2024, primarily as a result of an increase in income from sale of swarf and others and an increase in EPCG income on fulfilling export obligation.

Other income

Our other income increased by 37.48%, from ₹ 1,254 lakhs in Fiscal 2023 to ₹ 1,724 lakhs in Fiscal 2024, primarily as a result of increase in exchange rate gain on transaction and translation and increase in net gain on sale of assets, which was partially offset by decrease in interest income from deposits measured at amortised cost.

Expenses

Our total expenses increased by 41.69%, from ₹ 2,84,083 lakhs in Fiscal 2023 to ₹ 4,02,513 lakh in Fiscal 2024, on account of the factors discussed below.

Cost of materials consumed

Our cost of materials consumed increased by 48.36%, from ₹ 1,69,964 lakhs in Fiscal 2023 to ₹ 2,52,153 lakhs in Fiscal 2024. This is primarily as a result of increase in cost of goods sold and increase in carriage inward and full year consolidation of our Subsidiary DR Axion in Fiscal 2024 compared to two months of consolidation in Fiscal 2023.

Change in inventories of finished goods and work-in-progress

Our opening stock of finished goods and work-in-progress was ₹ 13,529 lakhs for the year ended March 31, 2023, while it was ₹ 20,550 lakhs for the year ended March 31, 2024.

Our closing stock of finished goods and work-in-progress was ₹ 20,550 lakhs for the year ended March 31, 2023, while it was ₹ 35,572 lakhs for the year ended March 31, 2024.

The changes in inventories were primarily a result of increase in planned offtake by or delivery to the customers

Employee benefits expense

Our employee benefit expense increased by 23.54%, from ₹ 23,350 lakhs in Fiscal 2023 to ₹ 28,846 lakhs in Fiscal 2024, primarily as a result of increase in the number of employees owing to an increase in salaries and wages and increase in staff welfare expenses in this period and also full year consolidation of our Subsidiary DR Axion in Fiscal 2024 compared to two months of consolidation in Fiscal 2023

Other expenses

Our other expenses increased by 43.56%, from ₹ 63,606 lakhs in Fiscal 2023 to ₹ 91,313 lakhs in Fiscal 2024. This is primarily as a result of increase in manufacturing expenses (primarily due to increases in stores, spares and tool consumed, power and fuel, repair and maintenance and payment to contractors expenses), administrative expenses (primarily due to an increase in professional and consultancy charges, software licenses, rent, remuneration to the Auditors, corporate social responsibility expenses and travelling expenses) and selling expenses (primarily due to an increase in packing material consumed and carriage outwards) and full year consolidation of our Subsidiary DR Axion in Fiscal 2024 compared to two months of consolidation in Fiscal 2023.

EBITDA

Our EBITDA increased by 28.75% from ₹ 69,663 lakhs in Fiscal 2023 to ₹ 89,692 lakhs in Fiscal 2024, primarily as a result of the factors discussed above.

Depreciation, amortization and impairment expense

Our depreciation, amortization and impairment expense increased by 25.31% from ₹ 22,161 lakhs in Fiscal 2023 to ₹ 27,769 lakhs in Fiscal 2024, primarily as a result of increase in capital expenditure on property, plant and equipment (on account of commercialization of the equipment bought in the previous fiscal), leading to higher depreciation and full year consolidation of our Subsidiary DR Axion in Fiscal 2024 compared to two months of consolidation in Fiscal 2023.

Finance costs

Our finance costs increased by 45.17%, from ₹ 12,023 lakhs in Fiscal 2023 to ₹ 17,454 lakhs in Fiscal 2024, primarily as a result of increase in interest expenses on our long term borrowings (at amortized cost) and increase in interest expenses on short term borrowings, as well as, on account of full year consolidation of our Subsidiary DR Axion in Fiscal 2024 compared to two months of consolidation in Fiscal 2023.

Profit before tax

Our profit before tax increased by 25.34%, from ₹ 35,479 lakhs in Fiscal 2023 to ₹ 44,469 lakhs in Fiscal 2024, as a result of, among other things, increase in total income as well as increased finance costs, depreciation and amortization expense.

Tax expenses

Our total tax expenses increased by 3.40%, from ₹ 10,383 lakhs in Fiscal 2023 to ₹ 10,736 lakhs in Fiscal 2024, which was due to an increase in profit before tax and adoption of the beneficial tax rate.

Profit after tax

Our profit after tax increased by 34.42%, from ₹ 25,096 lakhs in Fiscal 2023 to ₹ 33,733 lakhs in Fiscal 2024, primarily as a result of the factors discussed above.

Fiscal 2023 compared to Fiscal 2022

Total Income

Our total income increased by 43.64%, from ₹ 2,22,442 lakhs in Fiscal 2022 to ₹ 3,19,514 lakh in Fiscal 2023, on account of the factors discussed below.

Revenue from operations

Our revenue from operations increased by 43.55%, from ₹ 2,21,702 lakhs in Fiscal 2022 to ₹ 3,18,260 lakhs in Fiscal 2023, primarily as a result of increase in the sales of our products and services during this period, as well as the acquisition of DR Axion with effect from February 1, 2023, resulting in its consolidation for two months during Fiscal 2023.

Revenue from sale of products

Our revenue from sale of products increase by 51.15%, from ₹ 1,50,117 lakhs in Fiscal 2022 to ₹ 2,26,908 lakhs in Fiscal 2023, primarily as a result of increase in domestic sales by 53.35% and a increase in export sales by 32.06%, as discussed below.

Domestic and export mix

Our revenue from domestic sales increased by 53.35%, from ₹ 1,34,604 lakhs in Fiscal 2022 to ₹ 2,06,421 lakhs in Fiscal 2023, primarily as a result of increase in domestic sales to customers in all the three business segments as well as the acquisition of DR Axion with effect from February 1, 2023, resulting in its consolidation for two months during Fiscal 2023.

Our revenue from export sales increased by 32.06%, from ₹ 15,513 lakhs in Fiscal 2022 to ₹ 20,487 lakhs in Fiscal 2023, primarily as a result of an increase in export sales in Fiscal 2023.

Sale of Services

Our revenue from sale of services increased by 25.65%, from ₹ 51,605 lakhs in Fiscal 2022 to ₹ 64,844 lakhs in Fiscal 2023, primarily as a result of increase in machining charges for the commercial vehicles, farm equipment and construction sub-segments of the Powertrain segment.

Other operating revenues

Our other operating revenues increased by 32.67%, from ₹ 19,980 lakhs in Fiscal 2022 to ₹ 26,508 lakhs in Fiscal 2023, primarily as a result of an increase in income from sale of swarf and others.

Other income

Our other income increased by 69.46%, from ₹ 740 lakhs in Fiscal 2022 to ₹ 1,254 lakhs in Fiscal 2023, primarily as a result of increase in interest income from deposits measured at amortized cost.

Expenses

Our total expenses increased by 43.98%, from ₹ 1,97,307 lakhs in Fiscal 2022 to ₹ 2,84,083 lakh in Fiscal 2023, on account of the factors discussed below.

Cost of materials consumed

Our cost of materials consumed increased by 59.52%, from ₹ 1,06,549 lakhs in Fiscal 2022 to ₹ 1,69,964 lakhs in Fiscal 2023. This is primarily as a result of increase in cost of goods sold and increase in sub contract charges on account of the increased sales.

Change in inventories of finished goods and work-in-progress

Our opening stock of finished goods and work-in-progress was ₹ 10,385 lakhs for the year ended March 31, 2022, while it was ₹ 13,529 lakhs for the year ended March 31, 2023.

Our closing stock of finished goods and work-in-progress was ₹ 13,529 lakhs for the year ended March 31, 2022, while it was ₹ 20,550 lakhs for the year ended March 31, 2023.

The changes in inventories were primarily a result of growth in sale of products, as indicated above.

Employee benefits expense

Our employee benefit expense increased by 24.36%, from ₹ 18,776 lakhs in Fiscal 2022 to ₹ 23,350 lakhs in Fiscal 2023, primarily as a result of increase in the number of employees owing to an increase in salaries and wages and increase in staff welfare expenses in Fiscal 2023.

Other expenses

Our other expenses increased by 37.96%, from ₹ 46,105 lakhs in Fiscal 2022 to ₹ 63,606 lakhs in Fiscal 2023. This is primarily as a result of increase in manufacturing expenses (primarily due to increases in stores, spares and tool consumed, power and fuel, repair and maintenance and payment to contractors expenses), administrative expenses (primarily due to an increase in professional and consultancy charges, general administrative expenses, and travelling expenses) and selling expenses (primarily due to an increase in packing material consumed, carriage outwards and sales promotion expenses).

EBITDA

Our EBITDA increased by 28.54% from ₹ 54,194 lakhs in Fiscal 2022 to ₹ 69,663 lakhs in Fiscal 2023, primarily as a result of the factors discussed above.

Depreciation, amortization and impairment expense

Our depreciation, amortization and impairment expense increased by 7.58% from ₹ 20,599 lakhs in Fiscal 2022 to ₹ 22,161 lakhs in Fiscal 2023, primarily as a result of increase in capital expenditure on property, plant and equipment (on account of commercialization of the equipment bought in the previous fiscal), leading to higher depreciation.

Finance costs

Our finance costs increased by 42.76%, from ₹ 8,422 lakhs in Fiscal 2022 to ₹ 12,023 lakhs in Fiscal 2023, primarily as a result of increase in interest expenses on our long term borrowings, increase in interest expenses on short term borrowings and increase in net loss on foreign currency transaction and translation.

Profit before tax

Our profit before tax increased by 40.94%, from ₹ 25,173 lakhs in Fiscal 2022 to ₹ 35,479 lakhs in Fiscal 2023, as a result of among other things, increase in total income as well as increased finance costs, depreciation and amortization expense.

Tax expenses

Our total tax expenses increased by 17.14%, from ₹ 8,864 lakhs in Fiscal 2022 to ₹ 10,383 lakhs in Fiscal 2023, which was due to an increase in profit before tax and also adoption of the beneficial tax rate.

Profit after tax

Our profit after tax increased by 53.88%, from ₹ 16,309 lakhs in Fiscal 2022 to ₹ 25,096 lakhs in Fiscal 2023, primarily as a result of the factors discussed above.

SEGMENT INFORMATION

We are engaged in three business segments: Powertrain Segment, Aluminium Products Segment, and Industrial & Engineering Segment. The following table sets forth financial information regarding our business segments:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except percentages)		
Powertrain Segment[3]			
Segment Revenue	1,15,435	1,52,709	1,55,837
Segment EBIT[1]	30,374	38,204	29,163
Segment EBIT Margin[2]	26.31%	25.02%	18.71%
Aluminium Products Segment[4]			
Segment Revenue	55,201	93,461	2,15,361
Segment EBIT[1]	4,097	7,732	32,203
Segment EBIT Margin[2]	7.42%	8.27%	14.95%
Industrial & Engineering Segment[4]			
Segment Revenue	51,066	72,090	73,975
Segment EBIT[1]	3,780	6,722	4,935
Segment EBIT Margin[2]	7.40%	9.32%	6.67%

[1] Segment EBIT refers to segment results (profit before interest, tax and other unallocable items).
[2] Segment EBIT Margin is calculated as Segment EBIT divided by Segment Revenue.
[3] In Fiscal 2024, considering the increased prospects from non-automotive powertrain products, we renamed "Automotive-Powertrain and Others Segment" as "Powertrain Segment". On account of the aforesaid, no adjustments were required in the comparable period financial information.
[4] In Fiscal 2023, we made changes to our segment reporting. Based on the benefits of synergy and usage of similar resources, we carved out the aluminium products from our Industrial & Engineering Segment and included within our Automotive - Aluminium Products Segment and renamed it as "Aluminium Products Segment". In light of the above, the financial information for Aluminium Products Segment and Industrial & Engineering Segments for Fiscal 2022 which have been included in Fiscal 2023 Audited Consolidated Financial Statements, was reclassified. Accordingly, the financial information above for Aluminium Products Segment and Industrial & Engineering Segment for Fiscal 2022 has been derived from the comparable financial information included for Fiscal 2022 in Fiscal 2023 Audited Consolidated Financial Statements. Further, below are the financial information for our Aluminium Products Segment and Industrial & Engineering Segment for Fiscal 2022 which are derived from Fiscal 2022 Audited Consolidated Financial Statement:

- *Segment Revenue: Aluminium Products – ₹ 44,049 lakhs, Industrial & Engineering – ₹ 62,218 lakhs*
- *Segment EBIT: Aluminium Products – ₹ 954 lakhs, Industrial & Engineering – ₹ 6,923 lakhs*
- *Segment EBIT Margin: Aluminium Products – 2.17%, Industrial & Engineering – 11.13%*

Cash Flows

The following table sets forth selected items from our restated cash flow statement for the periods indicated:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs)		
Net cash from operating activities	32,721	60,766	51,331
Net cash used in investing activities	(20,893)	(70,791)	(62,593)

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
		(in ₹ lakhs)	
Net cash from / (used in) financing activities	(12,004)	7,304	14,823
Net increase / (decrease) in cash and cash equivalents	(176)	(2,721)	3,561
Cash and cash equivalents as at beginning of year/period	3,127	2,943	2,732
Cash and cash equivalents as at end of year/period	2,943	2,732	6,349

Operating Activities

Net cash from operating activities in Fiscal 2024 was ₹ 51,331 lakhs. Our profit before taxation was ₹ 44,469 lakhs, which was primarily adjusted for depreciation, amortization and impairment expense of ₹ 27,769 lakhs and interest expense (including fair value changes in financial instruments) of ₹ 17,349 lakhs, along with other adjustments, resulting in an operating cash flow before changes in working capital of ₹ 85,321 lakhs. The key adjustments in operating cash flow was increase in trade payables and other payables of ₹ 9,074 lakhs, increase in other financial assets of ₹ 1,661 lakhs, decrease in other current liabilities of ₹ 1,251 lakhs and increase in trade and other receivables of ₹ 3,095 lakhs, increase in inventories of ₹ 20,876 lakhs and income taxes paid of ₹ 14,754 lakhs during the period.

Net cash from operating activities in Fiscal 2023 was ₹ 60,766 lakhs. Our profit before taxation was ₹ 35,479 lakhs, which was primarily adjusted for depreciation, amortization and impairment expense of ₹ 22,161 lakhs and interest expense (including fair value changes in financial instruments) of ₹ 10,623 lakhs, along with other adjustments, resulting in operating cash flow before changes in working capital of ₹ 66,975 lakhs. The key adjustments in operating cash flow was increase in inventories of ₹ 8,242 lakhs, increase in trade and other receivables of ₹ 8,304 lakhs, decrease in other financial assets of ₹ 2,181 lakhs and increase in trade payables and other payables of ₹ 14,042 lakhs during the period.

Net cash from operating activities in Fiscal 2022 was ₹ 32,721 lakhs. Our profit before taxation was ₹ 25,173 lakhs, which was primarily adjusted for depreciation, amortization and impairment expense of ₹ 20,598 lakhs and interest expense (including fair value changes in financial instruments) of ₹ 7,699 lakhs, along with other adjustments, resulting in operating cash flow before changes in working capital of ₹ 51,562 lakhs. The key adjustments in operating cash flow was increase in inventories of ₹ 22,562 lakhs, increase in trade and other receivables of ₹ 5,303 lakhs, increase in trade payables and other payables of ₹ 11,048 lakhs and increase in other current liabilities of ₹ 2,641 lakhs.

Investing Activities

Net cash used in investing activities in Fiscal 2024 was ₹ 62,593 lakhs, primarily consisting of purchase of property, plant and equipment of ₹ 62,905 lakhs, purchase of intangibles of ₹ 195 lakhs, proceeds from sale of equipment of ₹ 292 lakhs, purchase of equity shares of ₹ 18 lakhs and interest received of ₹ 233 lakhs.

Net cash used in investing activities in Fiscal 2023 was ₹ 70,791 lakhs, primarily consisting of purchase of property, plant and equipment of ₹ 34,467 lakhs and consideration paid towards business combination of ₹ 37,500 lakhs.

Net cash used in investing activities in Fiscal 2022 was ₹ 20,893 lakhs, primarily consisting of purchase of property, plant and equipment of ₹ 21,267 lakhs.

Financing Activities

Net cash from financing activities in Fiscal 2024 was ₹ 14,823 lakhs, primarily consisting of proceeds from long-term borrowings of ₹ 47,716 lakhs, repayment of long-term borrowings of ₹ 23,296 lakhs, interest paid of ₹ 17,180 lakhs (including interest on lease liability), dividends paid of ₹ 2,377 lakhs, principal payment towards lease liability of ₹ 4,995 lakhs and net proceeds from short-term borrowings of ₹ 14,955 lakhs.

Net cash used in financing activities in Fiscal 2023 was ₹ 7,304 lakhs, primarily consisting of proceeds from long-term borrowings of ₹ 57,631 lakhs, repayment of long-term borrowings of ₹ 25,654 lakhs, repayments of short term borrowings of ₹ 11,560 lakhs, principal payment towards lease liability of ₹ 2,053 lakhs, interest paid of ₹ 10,267 lakhs (including interest on lease liability) and dividends paid of ₹ 793 lakhs.

Net cash used in financing activities in Fiscal 2022 was ₹ 12,004 lakhs, primarily consisting of proceeds from long-term borrowings of ₹ 10,505 lakhs, repayment of long-term borrowings of ₹ 13,911 lakhs, net proceeds from short-term borrowings of ₹ 3,508 lakhs, interest paid of ₹ 7,687 lakhs (including interest on lease liability), principal payment towards lease liability of ₹ 4,234 lakhs.

PROPERTY, PLANT AND EQUIPMENT

The following table sets forth additions to property, plant and equipment by category of expenditure, for the Fiscals indicated below:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
		(in ₹ lakhs)	
Freehold Land	787	407	2,123
Building	3,057	2,043	7,289
Plant & Machinery	17,319	27,002	43,800
Office Equipment	284	505	1,586
Furniture & Fixtures	13	25	40
Vehicles	86	57	25
Property, Plant & Equipment Total	**21,546**	**30,039**	**54,863**

INDEBTEDNESS

The following table sets forth a summary of the maturity profile remaining contractual period for our non-derivative financial liabilities based on discounted cash flows as at March 31, 2024:

Particulars	Total Amount	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years
		(in ₹ lakhs)		
Bank and Other Borrowings	1,54,643	42,158	96,356	16,129
Interest Payments on Borrowings	31,534	10,631	20,180	723
Lease Liability	20,839	4,353	11,963	4,523
Trade Payables	80,064	80,064	-	-

Contingent Liabilities and Commitments

The following table sets forth certain information relating to our contingent liabilities as at March 31, 2024, as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

Particulars	As at March 31, 2024 (in ₹ lakhs)
a. Claims against the Company not acknowledged as debt	
Excise Duty	7
Value Added Tax	-
Service Tax	67
Goods and Service Tax	16
Income Tax	823
Stamp Duty	-
b. Sales Bills Discounted	4,617

Our commitment on capital account not provided was ₹ 26,599 lakhs, ₹ 17,861 lakhs and ₹ 20,570 lakhs as on March 31, 2024, 2023 and 2024, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

General market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows. Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign exchange rate risk

We undertake transactions denominated in foreign currencies and thus we are exposed to exchange rate fluctuations. We manage our currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and use derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and our regular monitoring.

Interest rate risk

We are exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Credit Risk

Credit risk is the risk of financial loss if a customer or counter-party fails to meet its contractual obligations.

Liquidity Risk

Liquidity risk refers to the risk that we cannot meet our financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. We have obtained fund and non-fund based working capital limits from various banks. We invest our surplus funds in bank fixed deposit, which carry minimal mark to market risks.

RESERVATIONS, QUALIFICATIONS, OR ADVERSE REMARKS OF OUR AUDITORS IN THE LAST FIVE FISCALS IMMEDIATELY PRECEDING THE YEAR OF THIS PLACEMENT DOCUMENT

Except as set out below, there have been no reservations, qualifications, adverse remarks or emphasis of matters highlighted by the statutory auditors of our Company in the five Fiscals immediately preceding the year of this Placement Document:

Fiscal (Consolidated financial information)	Details of matter of emphasis	Details of impact on financial Statements and financial position of the Company	Corrective steps taken and/or proposed to be taken by the Company
2020	Estimation of uncertainties relating to the global health pandemic from COVID-19	Attention is drawn to Note No. B.3 to the consolidated financial statement, which describes the assessment made by the Group in respect of impact of outbreak of COVID - 19 pandemic on the financial statements. The actual impact may differ from that estimated as at the date of approval of these financial statements. Note given in the financial statements (Note B.3) "The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other receivables, its ability to withstand the future business losses if any due to reduced demand. In developing the assumptions relating to the possible future uncertainties	Not applicable

Fiscal (Consolidated financial information)	Details of matter of emphasis	Details of impact on financial Statements and financial position of the Company	Corrective steps taken and/or proposed to be taken by the Company
		in the national / global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements."	
2021	Estimation of uncertainties relating to the global health pandemic from COVID-19	No impact as assessed by the management of the Company. Note given in the financial statements (Note B.3) "The Covid-19 pandemic has impacted the businesses around the world, including India. There has been severe disruption to the regular operations of the company in the first quarter of FY 2020-21 due to Government imposed emergency restrictions and lockdown. The Group has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. The Group will continue to monitor the future economic conditions and assess its impact on the financial statements. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of the consolidated financial statements."	Not applicable

Fiscal (Standalone financial information)	Details of matter of emphasis	Details of impact on financial statements and corrective steps taken by the Company	Corrective steps taken and/or proposed to be taken by the Company
2020	Impairment of investments in and loans to overseas subsidiary	Attention is drawn to point (b) under Note No. 3.5b to financial statement under other financial assets, regarding non-impairment of investments in and loans to the overseas subsidiary Craftsman Europe B.V. Netherlands (formerly called as Craftsman Marine BV) in view of its future business plan and profitability. Note given in the financial statements (Note 3.5b) "The Company had given interest free loan to Craftsman Europe B.V (formerly	Loan recovered. Financial performance of subsidiary has improved in subsequent years

Fiscal (Standalone financial information)	Details of matter of emphasis	Details of impact on financial statements and corrective steps taken by the Company	Corrective steps taken and/or proposed to be taken by the Company
		Craftsman Marine BV) which is a wholly owned subsidiary. The subsidiary had a share capital of EURO 90000 until September 2019. The subsidiary was funded through loan from the Company (EURO 4.04 million) and there was no bank borrowing in the subsidiary books. The subsidiary is making profits in the last five years. The subsidiary has also been returning a portion of the loan taken in the past (repaid till date EURO 0.605 million). The Company during the year, decided to capitalize the subsidiary adequately so that, optimum inventory and trade receivables are funded through capital. Hence, in October 2019, EURO 2.8 million (₹ 2,207 lakhs) of loan outstanding from subsidiary was converted to equity. The loan outstanding subsequent to repayments and the conversion stands at EURO 0.635 million as on 31st March 2020. The Company's Networth is Positive as on date. The Company has tested this investment for impairment and considering the future business plan and profitability expected, the Company has decided not to impair the investment and the loan given. The company has not given any loan after 2013-14. As this subsidiary has since been operating on a self-sustaining basis and generating profits, the loan is considered good and recoverable."	
2020	Estimation of uncertainties relating to the global pandemic from COVID-19	Attention is drawn to Note No. B.2 to the financial statement, which describes the assessment made by the Company in respect of impact of outbreak of COVID - 19 pandemic on the financial statements. The actual impact may differ from that estimated as at the date of approval of these financial statements. Note given in the financial statements (Note B.2) "The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other receivables, its ability to withstand the future business losses if any due to reduced demand. In developing the assumptions relating to the possible future uncertainties in the national / global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ	Not applicable

Fiscal (Standalone financial information)	Details of matter of emphasis	Details of impact on financial statements and corrective steps taken by the Company	Corrective steps taken and/or proposed to be taken by the Company
		from that estimated as at the date of approval of these financial statements."	
2021	Estimation of uncertainties relating to the global pandemic from COVID-19	No impact as assessed by the management of the Company. Note given in the financial statements (Note B.2) "The company has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date."	Not applicable

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Placement Document, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "***-Significant Factors Affecting Our Results of Operations***" and the uncertainties described in "***Risk Factors***" on pages 87 and 39, respectively. Except as discussed in this Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For details, see "***Related Party Transactions***" on page 38.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in the sections "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 39, 193 and 86, respectively, there are no known factors that will have a material adverse impact on our operations and financial condition.

NEW PRODUCT OR BUSINESS SEGMENTS

Except as described in this Placement Document, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and the introduction of new products.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See, "***Our Business***", "**Industry Overview**" and "***Risk Factors***" on pages 193, 117 and 39, respectively, for further information on our industry and competition.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATION

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "**-** ***Significant***

Factors Affecting Our Results of Operations" and the uncertainties described in "***Risk Factors***" on pages 87 and 39, respectively.

SEASONALITY/ CYCLICALITY OF BUSINESS

See, "***Risk Factors – The cyclical and seasonal nature of automotive sales and production can adversely affect our business.***" on page 61.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

We derive a significant portion of our revenue from our top 10 customers. For further information, see "***Risk Factors - We derive a significant portion of our revenue from our top 10 customers. The loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.***" on page 39. Also, we depend on a select few suppliers for the purchase of raw materials. For further information, see "***Risk Factors – We have not entered into any long-term contracts with our suppliers from whom we procure materials consumed by us for our manufacturing process. Further, we depend on a select few suppliers for sourcing our raw materials and any delay, interruption or reduction in the supply of raw materials to manufacture our products or volatility in the prices of raw materials, may adversely affect our business, results of operations, financial condition and cash flows."*** on page 40.

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2024

Except as disclosed elsewhere in this Placement Document and below, our Company is not aware of any circumstances that have arisen since March 31, 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 material liabilities within the next 12 months.

Our Company has entered into a share purchase agreement dated May 4, 2024 with DR Axion, Daerim International Co Ltd, the parent company of DR Axion and DR Axion Co. Ltd, a principal shareholder of DR Axion for acquisition of 2,70,83,884 equity shares, representing 24.00% equity shares of DR Axion for a consideration of ₹ 25,000 lakhs, subject to customary adjustments at closing, if any. For further information, see "***Use of Proceeds – Details of Objects - Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary*"** on page 78.

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from industry report titled "Studying the automobile and automotive component business in India" dated May 2024 (the "**CRISIL Report**") prepared and issued by CRISIL Limited ("**CRISIL**"), and exclusively commissioned and paid for by us to understand the industry in which we operate in connection with the Issue. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. 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. The recipient should not construe any of the contents of the CRISIL Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. While preparing the report, CRISIL has also sourced information from publicly available sources, including our Company's financial statements available publicly. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner in the section.*

*For more information, see "***Risk Factors – Certain sections of this Placement Document disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks***." on page 59. Also see, "***Industry and Market Data***" on page 17.*

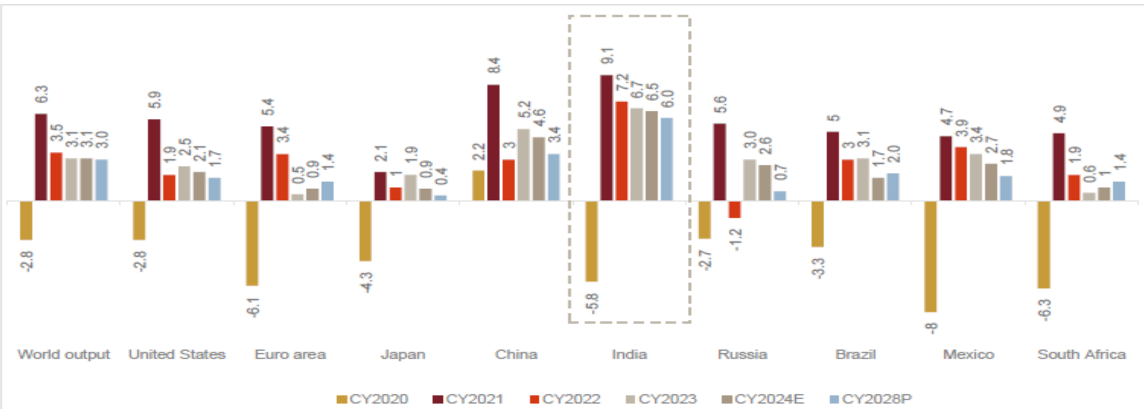
Macroeconomic Overview Of Global And Indian Economy

Overview of the Global Economy

Review and outlook of global GDP

The global economy continues to recover from the challenges heaped by the Covid-19 pandemic, Russia's invasion of Ukraine, Red Sea Crisis and considerable tightening of global monetary conditions to address elevated inflation. However, a return to pre-pandemic growth trajectory seems increasingly challenging, particularly in the case of emerging and developing economies due to the convergence of several forces that are holding back a steady recovery. Some of these are long-term fallouts of the pandemic, the war in Ukraine, and increasing geoeconomic fragmentation. Other cyclical factors include, elevated central bank policy rate to control inflation in several large emerging market and developed economies, a withdrawal of Fiscal support amid high debt levels, and extreme weather events. However, India witnessed strong growth momentum despite these geopolitical tensions and uncertainties in the global economic environment. Major push to the economic growth has been fuelled by investments and key sectors such as information technology, services, agriculture, and manufacturing.

GDP growth of key economies



Note: On Calendar Year (CY) basis

** Euro area comprises 19 member countries of the EU*

Source: International Monetary Fund (IMF; World Economic Outlook – January 2024 update), CRISIL MI&A Consulting

As per World Economic Outlook by International Monetary Fund ("**IMF**"), the global GDP growth is estimated at 3.1% in the Calendar Year 2024 with the forecast 0.2% higher than the previous estimates due to the upgrades for China, the United States (US), large emerging markets and developing economies. The forecast for Calendar Year 2024 is however, below the historical (Calendar Year 2000 to 2019) annual average of 3.8% with 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.

India to be the fastest growing large economy

India's growth trajectory continues as in the first three quarters of Fiscal 2024, India's GDP expanded at 7.8% in the first quarter, 7.6% in the second quarter and 8.4% in the third quarter. Core sector growth in February 2024 was the fastest in three months and manufacturing activity at five months high. Economic growth was encouraged by investment and manufacturing activity.

Core inflation eased to 3.5% in February 2024, from 3.7% in January 2024.This, some experts said, was the lowest reading since January 2015. Consumer Price Index based retail inflation was down to 5.09% in February 2024 compared with 5.1% in January 2024, remaining within Reserve Bank of India's (RBI) tolerance range of 2% to 6% for the sixth consecutive months. Food inflation, accounts for nearly half of the overall consumer price basket, rose to 8.66% in February 2024, up from 8.3% in January, but easing from 9.53% in December 2023.

Investments rose to 31.7% of GDP in the first three quarters of Fiscal 2024. The National Statistical Office (NSO) reported that manufacturing output rose by 5% in February 2024 which is slightly lower as compared to 5.9% in February 2023. Industrial production expanded by 5.7% in February 2024. Mining production surged by 8% while power output grew by 5.7% in February 2024. India's merchandise trade deficit widened to USD 18.71billion in February 2024 from USD 17.49 billion in January 2024, as imports surpassed exports in value terms against the backdrop of the Red Sea conflict.

The Indian economy is expected to grow at a higher than estimated 7.6% in Fiscal 2024, with GDP growth in the third quarter of the Fiscal at 8.4% on the back of lower base, tax collections and healthy growth in the manufacturing sector and construction activities. Data released by the NSO in February 2024 revealed that the economy is expected to grow by 7.6% in Fiscal 2024 as against the previous estimates of 7.3%.

As per CRISIL MI&A Consulting, India's economy is expected to grow at 6.8%in Fiscal 2025 up from 6.5% projected earlier. This will be driven by expected easing of domestic financial conditions, disinflation leading to increasing purchasing power of consumers and growth in private capital expenditure.

Overview of the Indian Economy

Review of real GDP growth over Fiscals 2019 to 2024 and outlook for Fiscals 2024 to 2029

India ranks as the world's 5th largest economy and is the fastest growing among major economies. The Indian economy logged 4.3% CAGR between Fiscals 2019 and 2024 (till Q3). This was a sharp deceleration from a robust 6.7% CAGR between Fiscals 2017 and 2019, which was driven by rising consumer aspiration, rapid urbanisation, the government's focus on infrastructure investment and growth of the domestic manufacturing sector. Economic growth was supported by benign crude oil prices, soft interest rates and low current account deficit. The Indian government also undertook key reforms and initiatives, such as implementation of the Goods and Services Tax (GST), Insolvency and Bankruptcy Code, Make in India, financial inclusion initiatives, and gradual opening of sectors such as retail, e-commerce, defence, railways, and insurance for foreign direct investments (FDIs).

A large part of the lower growth between Fiscals 2018 and 2023 was because of the economy contracting 5.8% in Fiscal 2021 owing to the fallout of Covid-19. The pandemic's impact was more pronounced on contact-sensitive services and social distancing norms-affected services such as entertainment, travel, and tourism, with many industries in the manufacturing sector also facing issues with shortage of raw materials/components as lockdown in various parts of the world upended supply chains.

Over the period, India's economic growth was led by services, followed by the industrial sector. In parts, though, growth was impacted by demonetisation, the non-banking financial company (NBFC) crisis, slower global economic growth, and the pandemic.

As lockdowns were gradually lifted, economic activity revived in the second half of Fiscal 2021. After a steep contraction in the first half, owing to rising number of Covid-19 cases, GDP moved into positive territory towards the end of Fiscal 2021. Subsequently, in Fiscal 2022, India's real GDP grew 9.7% from the low base of Fiscal 2021.

India's gross domestic product (GDP) exceeded expectations during first three quarters of Fiscal 2024. According to the National Statistics Office (NSO), second advance estimates (SAE), real GDP accelerated to 8.4% on-year in the third quarter of Fiscal 2024 from 8.1% in the second quarter. Growth of the past two quarters were revised up (second quarter was revised to 8.1% from 7.6%, and first quarter to 8.2% from 7.8%).

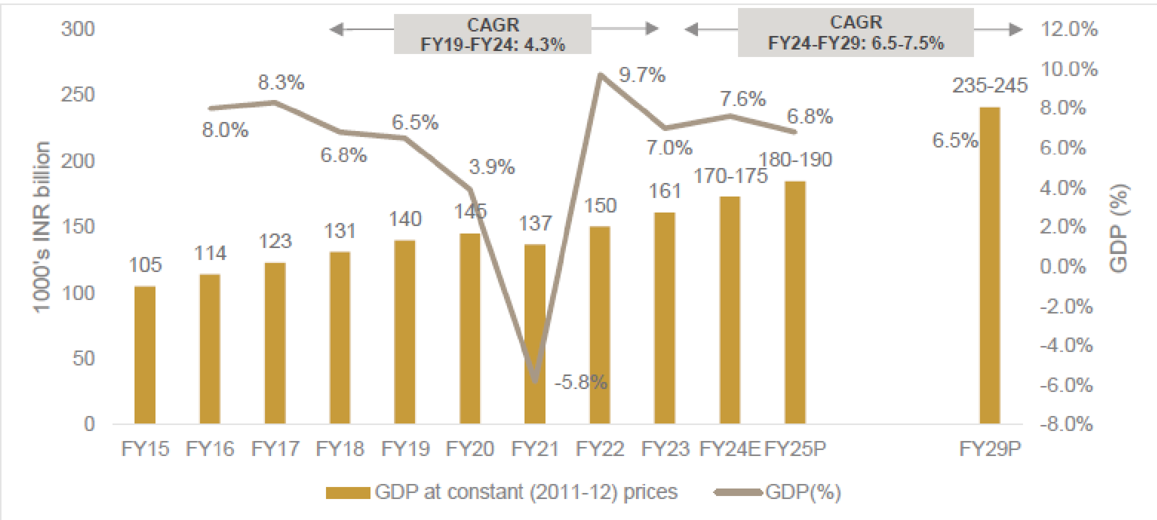
NSO now pegs GDP growth at 7.6% in Fiscal 2024 compared with 7.3% as per the first advance estimates. Based on this second advance estimate, growth in the fourth quarter of this Fiscal is estimated to slow to 5.9%. Additionally, the estimate for Fiscal 2023 was revised to 7.0%, while for Fiscal 2022 it was revised to 9.7%.

Growth surpassed forecasts in the second quarter of Fiscal 2024, driven by strong government spending and a sharp rise in manufacturing and construction growth. Globally, growth in major economies such as the US and China beat estimates, contributing to better export earnings for India.

After a strong GDP estimate in the past three Fiscals, CRISIL MI&A Consulting expects GDP growth to moderate to 6.8% in Fiscal 2025. Fiscal consolidation will reduce the Fiscal impulse to growth. Rising borrowing costs and increased regulatory measures could weigh on demand and net tax impact on GDP is expected to normalize. Exports could be impacted due to uneven growth in key trade partners and any escalation of the Red Sea crisis. On the other hand, another spell of normal monsoon and easing inflation could revive rural demand.

Reducing the Fiscal 2024 deficit will reduce the government's direct support for economic growth, but investing in high-quality spending could still boost investment and rural incomes. CRISIL MI&A anticipates a return to normal levels of indirect tax impact on GDP. However, uneven economic growth in major trade partners like the US and EU, along with escalating tensions in the Red Sea, may hinder exports.

India's GDP growth trend and outlook



Note: E - estimated and P - projected

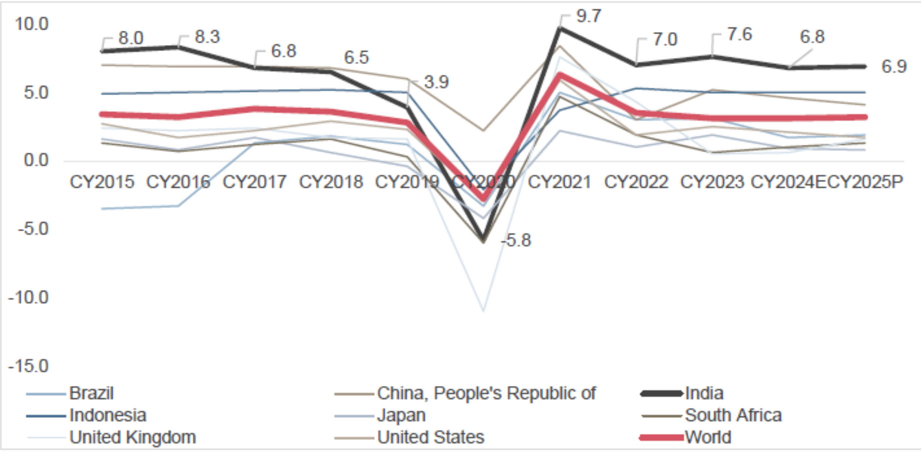
Source: National Statistical Office (NSO), IMF, CRISIL MI&A estimates

In the third quarter of Fiscal 24, fixed investments posted the highest growth on-year (10.6%) among the sub-categories from the demand side, while private consumption (3.5%), despite a modest uptick, remained sluggish. The drag from net exports eased in the third quarter. From the supply side, growth was highest for manufacturing (11.6%), followed by construction (9.5%) and services (7.0%), while growth in agriculture contracted in the third quarter (-0.8%).

Similarly, growth in Fiscal 2024 has been driven by fixed investments (10.2% growth), while private consumption at 3.0% trailed overall GDP growth. On the supply side, industry grew the most (9%), followed by services (7.5%), while agriculture (0.7%) lagged. A sharp rise in net tax growth contributed to the divergence between GDP and GVA this Fiscal and was a key factor behind the upward revision of GDP growth.

Nominal GDP growth was revised up 20 bps to 9.1% this Fiscal. While real GDP growth accelerated to 7.6% this Fiscal from 7.0% in the last, nominal GDP growth slipped to 9.1% from 14.2%. A sharp fall in GDP deflator growth to 1.4% from 6.7% due to lower inflation narrowed the gap between nominal and real GDP growth.

India is one of the fastest growing emerging economies (GDP growth, % year-on-year)



E: estimated; P: projected

Note: GDP growth based on constant prices

Source: IMF (World Economic Outlook – January 2024 update), CRISIL MI&A

Drivers for India's economic growth:

Capital will continue to be the biggest contributor to growth. As the government pursues Fiscal consolidation, its role in boosting overall capex will partly diminish compared with the past few years.

Strong domestic demand is expected to drive India's growth over peers in the medium term.

Investment prospects are optimistic, given the government's capex push, progress of Production-Linked Incentive (PLI) scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets (NPAs).

India is also likely to benefit from its diversification of the supply chain for incoming FDI flows, as global supply chains get reconfigured with focus shifting from efficiency towards resilience and friend shoring.

Rising employment rates and a notable increase in private consumption, buoyed by growing consumer confidence, are poised to drive GDP growth in the upcoming months.

The government's future capital expenditures are expected to be supported by factors such as tax buoyancy, simplified tax structures with lower rates, tariff structure reassessment, and tax filing digitization.

Medium-term growth is anticipated to be bolstered by increased capital spending on infrastructure and asset development projects, leading to enhanced growth multipliers.

Market Size Trend For The Following Segments In Volume Terms

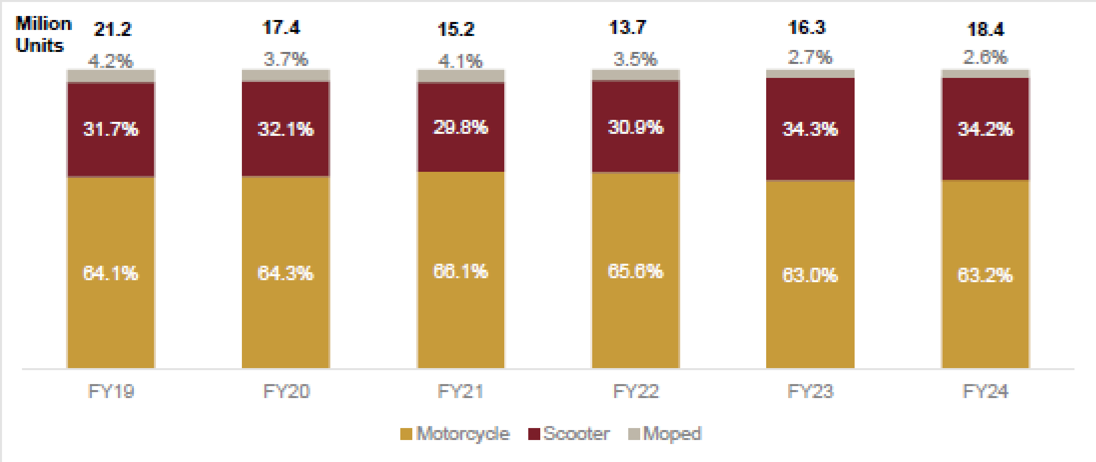
Review of the following segments is volume terms (Fiscals 2019 to 2024)

Segment wise domestic sales trend

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% by Fiscal 2024.

On the other hand, the scooters segment expanded its presence over the long-term horizon; from 15% in Fiscal 2009 to 34% in Fiscal 2024. The mopeds segment also lost some ground to scooters over the years, from around 6% share in Fiscal 2009 to approximately 3% in Fiscal 2024.

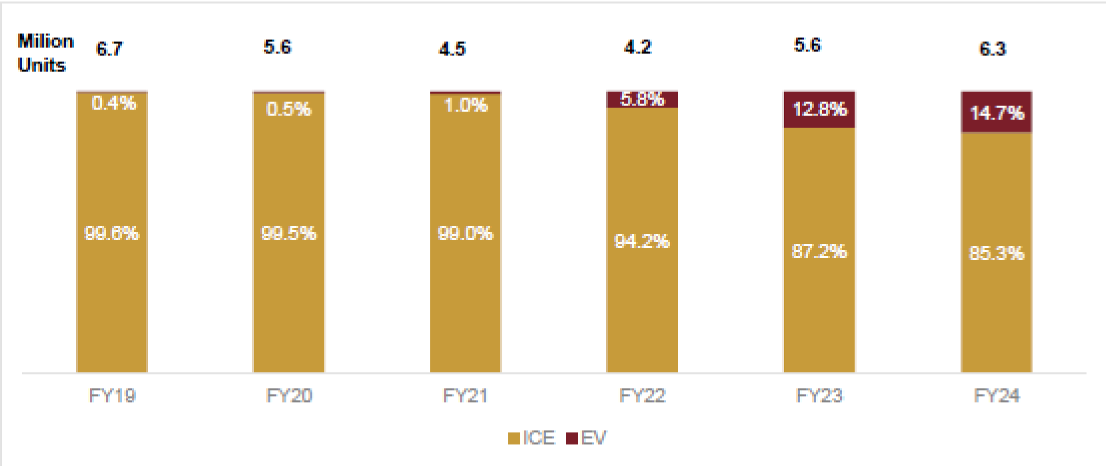
Domestic two wheeler sales segmental trend – Fiscals 2019 to 2024



Note: Data includes ICE and EVs; EV retail data from VAHAN has been considered.

Source: SIAM, VAHAN, CRISIL MI&A

ICE vs EV split within domestic scooter sales – Fiscals 2019 to 2024



Note: EV retail data from VAHAN has been considered.

Source: SIAM, VAHAN, CRISIL MI&A

Within the scooters segment, EV scooters witnessed growth at an accelerated pace and contributed a sizeable share of 14.7% to overall scooter sales in Fiscal 2024. Launch of new models, government incentives, rising awareness, increased acquisition & operating costs for the ICE equivalents provided boost to the EV sales during the Fiscals 2019 to 2024 period. The EV scooters clocked growth at 101% CAGR in the last 5 years and their penetration within the scooters segment rose from 0.4% in Fiscal 2019 to 14.7% in Fiscal 2024.

Review of the Indian domestic PV industry (Fiscals 2019 to 2024)

Amidst improvement in macro-economic scenario, rising disposable incomes and expanding vehicle portfolios, the Indian PV industry witnessed stellar growth and reached a high of 3.4 million vehicle sales in Fiscal 2019. This high growth until Fiscal 2019 was led by continuous improvement in GDP, increase in disposable incomes and new model launches, stable cost of vehicle ownership, as well as rising traction for Sports Utility Vehicles ("**SUVs**").

Between Fiscals 2019 and 2024, India's domestic PV sales rose at 5% CAGR. This growth was despite the sales contraction (at 10% CAGR) witnessed during Fiscals 2019 to 2021. From the low base of Fiscal 2021, PV sales bounced back and grew at a healthy pace to reach a historic high of 3.9 million vehicles in Fiscal 2023.

In Fiscal 2020, contraction of the economy put pressure on vehicle sales. Moreover, the Non-Banking Financial Company (NBFC) liquidity crisis and halting of BS-IV vehicle production amid mandatory implementation of BS-VI norms from Fiscal 2021 exerted added pressure during the year. The industry also lost nearly half a month's sales at Fiscal year-end owing to outbreak of the Covid-19 pandemic and subsequent nationwide lockdown.

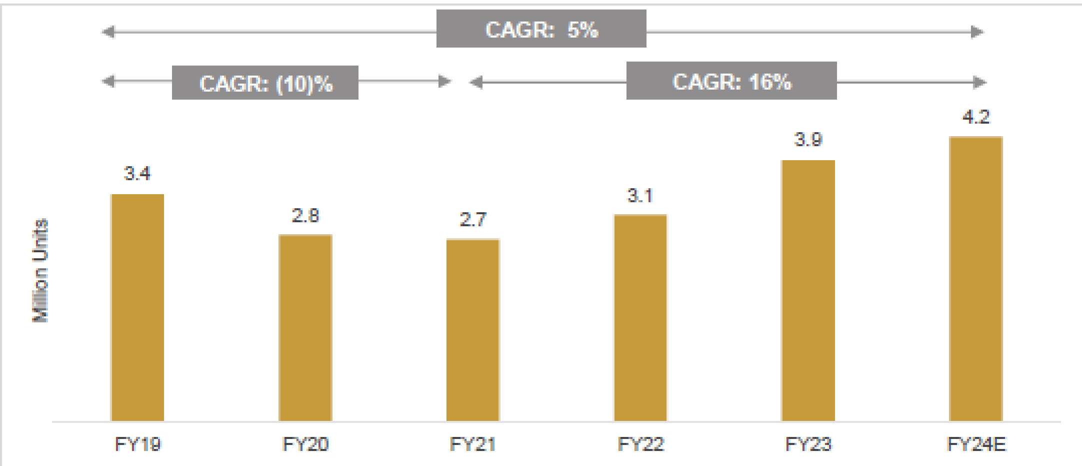
In Fiscal 2021, domestic sales continued to be impacted by the first wave of the pandemic. A nation-wide lockdown, reduced mobility, and supply chain constraints leading to production cuts weighed on annual sales. Despite some improvement in sales with the reopening of the economy and increased demand for personal mobility during the second half of the year, sales contracted approximately 2.2% year-on-year owing to the additional price hikes due to implementation of the BS-VI norms.

Fiscal 2022 began with a much severe second wave of Covid-19. State-imposed lockdowns, economic uncertainty, and a global shortage of semiconductor supply caused extended waiting periods that impacted sales, especially in the first half of the year. There was some improvement in the economic scenario with the reopening of markets in the second half of the Fiscal. Pent-up vehicle demand, further increased need for personal mobility and improved supply scenario provided thrust to PV sales during the second half. After a two-year consecutive drop, PV sales rose 13% from a very low base of Fiscal 2021.

In Fiscal 2023, the PV industry grew at a rate of 27% year-on-year, which was more than double the rate of 13% year-on-year witnessed during Fiscal 2022, owing to the healthy pent-up demand created by two years of slump in sales volume. The orderbooks of auto OEMs were further supported by several new launches in the growing SUV category, which saw higher traction, along with multiple facelifts of existing models and easing supply of semiconductors. In fact, overall wholesale volume reached a historic high of 3.9 million units in the Fiscal.

Historic production development (Fiscal 2019 to Fiscal 2024)

Review of domestic PV sales volumes



Note: Figures in bracket to be read as negative (Eg. (10) to be read as minus 10)

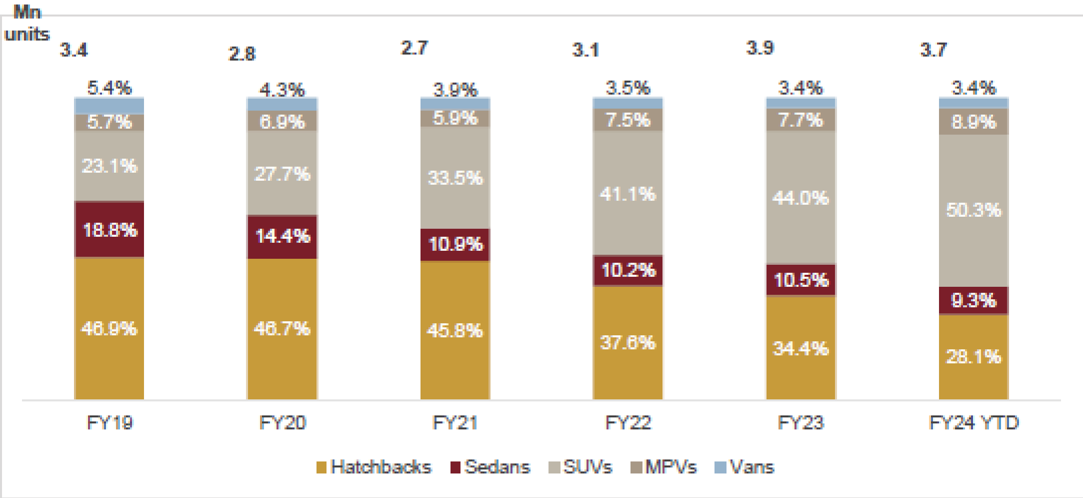
Source: SIAM, CRISIL MI&A

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. Off the high base of Fiscal 2023, the industry grew 9% in Fiscal 2024 to reach the historic high of 4.2 million units.

Segmental shifts amidst premiumization

There has been a perceptible shift in the customer buying behaviour, where customers are prioritising vehicle experience over costs and are willing to pay a premium and are also ready to accept longer waiting time for the desired vehicle. More and more customers are now opting to buy mid to top level variants that fall within their budgets. This shift towards premium vehicles i.e. premiumisation is resulting in intersegmental as well as intra segmental shifts.

Segment-wise trends in the overall PV sales volumes in India



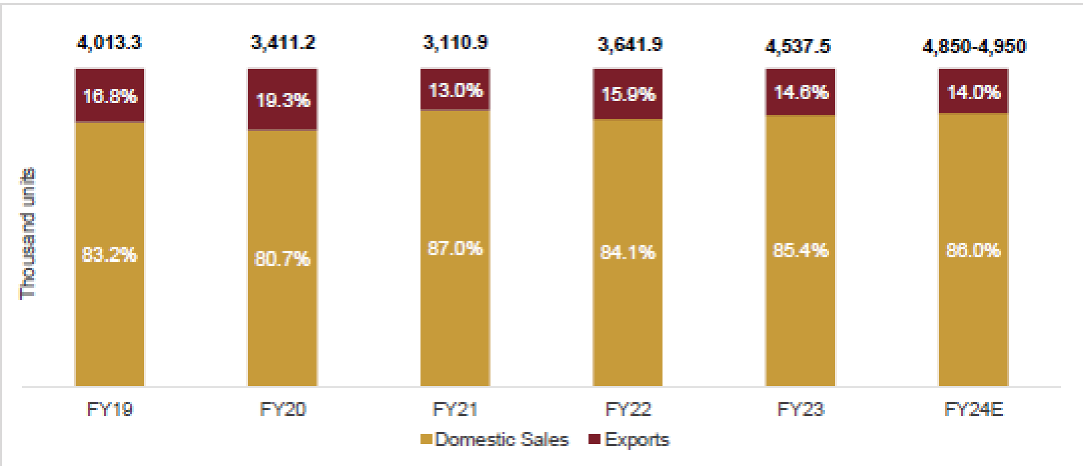
Note: YTD: Apr 2023- Feb 2024 period; Figures above bars are the sales volumes.

Source: SIAM, CRISIL MI&A

Split of industry by domestic sales and exports

The Indian PV market is largely domestic-focused, with domestic sales being 85.4% of the total sales in Fiscal 2023. The share of exports vis-à-vis total sales contracted from 16.8% in Fiscal 2019 to 14.6% in 2023. This could be attributed to the moderate growth in the global automobile industry as well as major OEMs focusing on catering to the fast-growing domestic market. Following an approximately 38.6% year-on-year drop in Fiscal 2021, exports improved drastically by 42.9% in Fiscal 2022 and 14.7% in Fiscal 2023 owing to demand from emerging countries further supported by push from major OEMs.

PV industry share of domestic sales and exports (Fiscal 2019 to Fiscal 2024E)



Source: SIAM, CRISIL MI&A

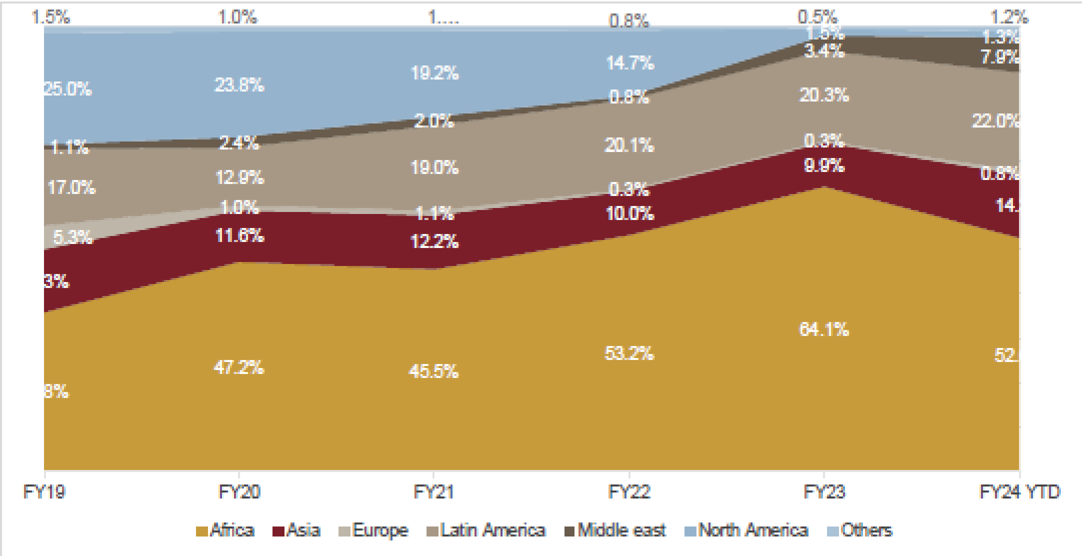
Review of key export destinations

PV manufacturers from India have grown a stable base in African and Latin American countries over the years owing to good brand recognition of Indian brands for entry level cars. Share of exports to Africa increased to 64% in Fiscal 2023 from approximately 36% in Fiscal 2019. South Africa, Tunisia and Angola are the key export destinations within Africa. The share of exports to Latin America also increased in the same period from 17% to 20% due to the increased focus on economies like Mexico, Chile and Peru. Other top export destinations include

Saudi Arabia in the Middle East and Philippines & Indonesia in Asia. Exports to North America have decreased gradually in the past five years. This is primarily due to the quitting of American automakers like GM and Ford from India.

Trade tensions between China and other developed economies including US and Europe coupled with initiatives taken by these countries to diversify their supply chain through various strategies could bring additional attention to export hubs like India. This would offer opportunity for domestic car makers to expand their export reach leveraging government support through various initiatives like FTA, PLI and PMP schemes.

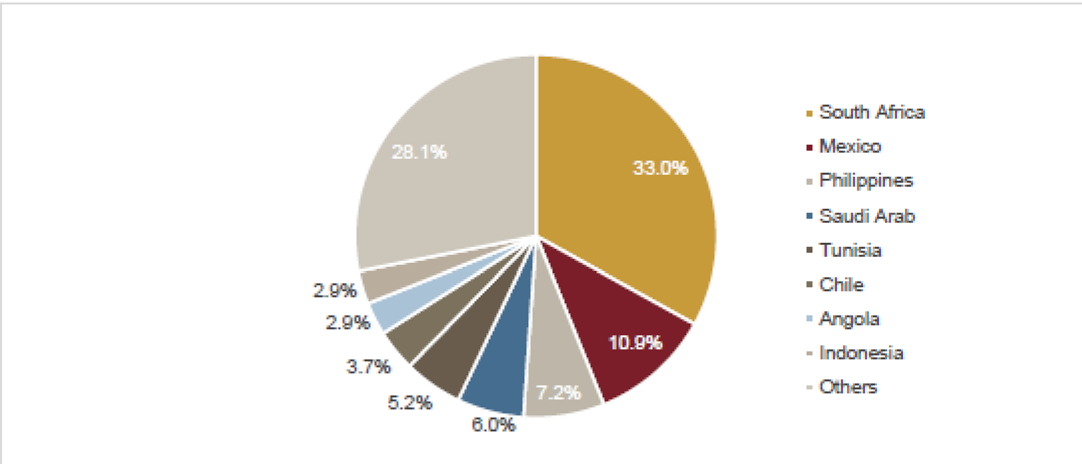
Key export destinations, by region (Fiscal 2019 to Fiscal 2024 YTD)



Note: YTD refers to April-December 2023

Source: DGFT, CRISIL MI&A

Key export destinations, by country (Fiscal 2024 YTD)



Note: YTD refers to April-December 2023

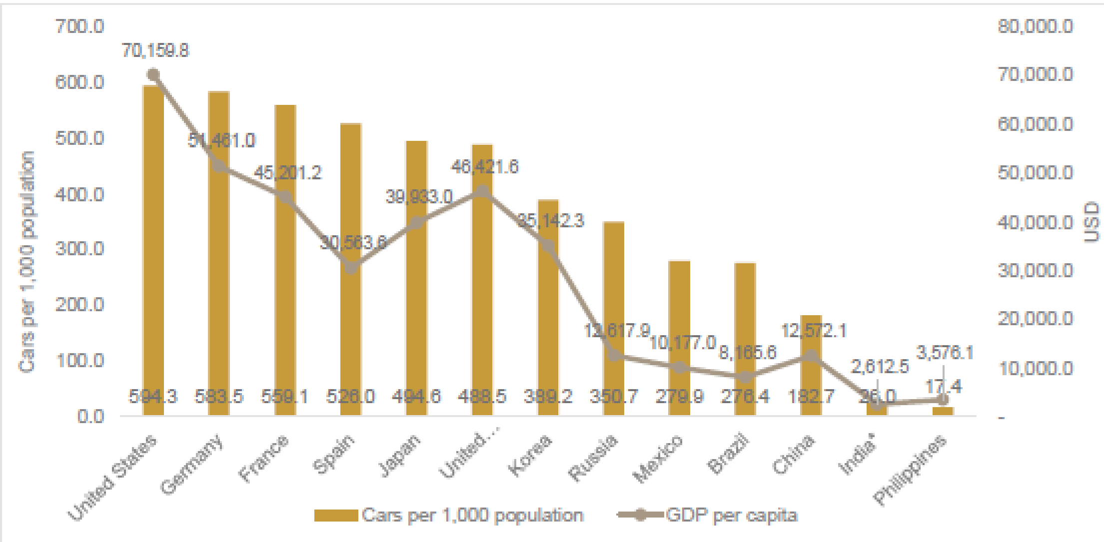
Source: DGFT, CRISIL MI&A

At country level, share of exports to South Africa increased to 43.4% in Fiscal 2023 from 20.1% in Fiscal 2019. South Africa has become the major export market followed by Mexico, whose share increased from 2.1% in Fiscal 2022 to approximately 11% in Fiscal 2024 YTD. Newer markets such as Saudi Arabia and Indonesia have also seen increase in exports from India.

Vehicle Penetration in India

India's car market is extremely underpenetrated compared with most developed economies and some developing nations. The Indian PV market is one of the fastest growing in the world and was ranked second in terms of annual sales (after China) in 2023. However, the market is still highly underpenetrated compared with most developed economies, or even developing countries such as China, Brazil and Mexico. According to CRISIL MI&A, India had 26 cars per 1,000 people as of Fiscal 2024. This is significantly lower than the developed nations and even emerging nations like Brazil, Russia, and Mexico. This provides significant headroom for growth, especially given the expected increase in disposable incomes, faster economic growth, younger population, and increased focus from international OEMs. With penetration below the global average, India offers tremendous growth potential for automobile manufacturers.

Country-wise car penetration, Calendar Year 2021



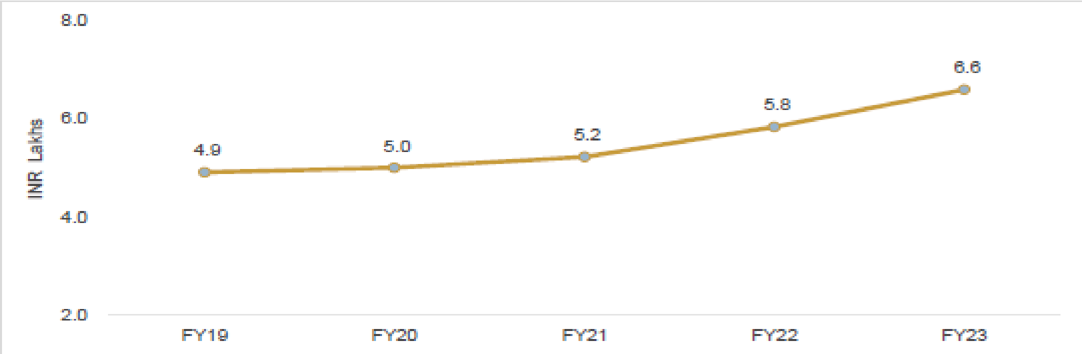
Note: Data for CY 2021, India Data for FY24;

Source: International Road Federation- World Road Statistics 2023, CRISIL MI&A

Premiumization trend

The average selling price (ASP) between Fiscal 2019 and 2023 increased at a CAGR of 7% to 8% because of premiumization trend as well as sharp rise in vehicle prices. Modern consumers in India are preferring mid-end or top end version of the vehicles moving away from the traditional fuel-efficient budget friendly small cars towards higher priced feature loaded larger cars which offer much more space, taller ride height, seamless connectivity, and improved performance. Further, there has been a major shift in customer preference with the launch of compact and mid-size SUVs. The share of small cars (hatchbacks) reduced from 46.9% in Fiscal 2019 to 34.4% in Fiscal 2023.

Trend in average vehicle price (ASP)



Note: Based on OEM factory cost;

Source: CRISIL MI&A

EV penetration in Passenger Vehicles

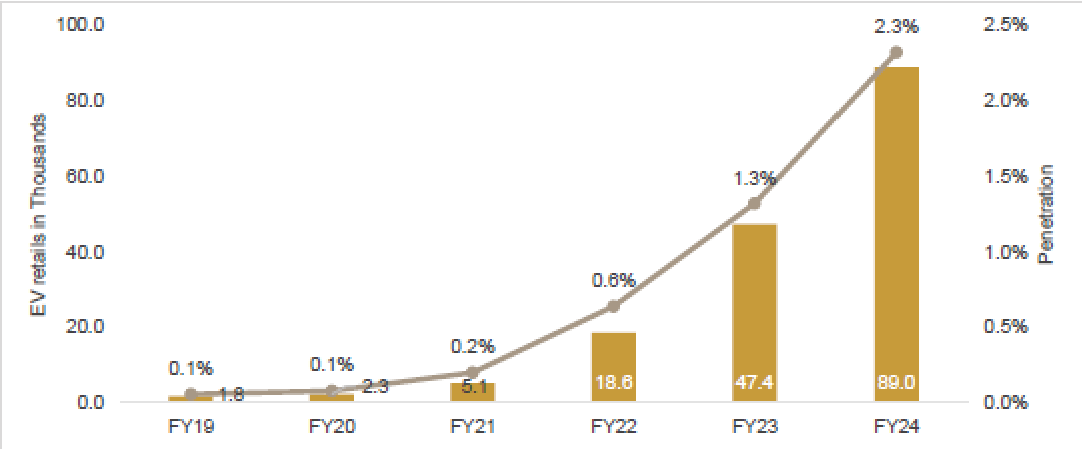
To accelerate EV adoption, the government has been incentivising consumers by extending support via FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India) subsidy as well as tax cuts. The government announced ₹100 billion for Phase II of FAME, which commenced on April 1, 2019. The policy aims to provide a subsidy of ₹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 infrastructure for charging of EVs.

These schemes alongside the Production Linked Incentive (PLI) schemes, scrappage policy as well as the Make in India initiative is setting up the roadmap for widespread EV manufacturing and adoption. (Policies have been covered in detail in earlier sections)

Furthermore, the government is taking measures to address one of the major concerns regarding EVs: range anxiety (fear of running out of charge in the middle of the journey) due to low availability of public charging infrastructure. To address this concern, and support an ecosystem to accelerate EV sales, the Ministry of Road Transport and Highways is setting up new EV charging stations as well as supporting the expansion of charging stations in homes and commercial centers.

EV adoption in India is led by two wheelers and three wheelers, however, passenger vehicles are fast catching up. EV penetration in the passenger vehicle (PV) segment was insignificant till Fiscal 2021 amidst limited vehicle portfolio coupled with lower customer awareness. Fast expansion in portfolio (3 models in Fiscal 2019 to about 14 models in Fiscal 2024), rising awareness, government push and expanding supporting infrastructure caused a sharp rise in EV adoption. EV retails increased from about 2 thousand vehicles in Fiscal 2019 to 89 thousand vehicles in Fiscal 2024: a 45x increase in 5 years. In turn, the penetration of EVs within the industry retails rose from 0.1% in Fiscal 2019 to 2.3% by Fiscal 2024.

Domestic passenger vehicles EV retails and penetration trend



Note: VAHAN figures exclude Telangana, Lakshadweep retails

Source: VAHAN, CRISIL MI&A

With only a handful of vehicle options like Reva, E Verito, and Bolt, EV adoption in passenger vehicles was inconsequential in Fiscal 2019. One of the most popular EVs in India, Nexon EV was launched in the second half of Fiscal 2020 providing the thrust to the passenger vehicle EV adoption. The launch of Kona electric (H1 Fiscal 2020) as well as ZS EV (H2 Fiscal 2020) provided further boost to the vehicle adoption during Fiscal 2020. Continued traction for these models helped EV retails clock a sizeable growth during Fiscal 2021. However, pandemic decelerated the growth pace of EVs, given the higher acquisition costs, strained production levels as well as financial pressure on the consumers.

Real impetus to the EV adoption started from Fiscal 2022. Gradual normalization of economy, improvement in macro-economic scenario, increase in mobility, expansion in EV portfolio and continued government support aided the EV adoption growth. Moreover, further rise in ICE vehicle prices, sharp hike in petrol diesel prices, increasing in customer awareness and younger buyers provided an added impetus to EV adoption.

Entry of new players like BYD as well as introduction of models like Tiago EV, Tigor EV, Punch EV, XUV4OO, Comet EV, eC3, Ioniq, Atto 3 in a short span provided the thrust to the EV adoption. In fact, with the introduction of Tiago, Comet in the hatchbacks segment and Tigor in the sub 4-meter sedan segment, expanded the customer reach for EVs. Traction for Tigor for commercial fleet usage further aided the EV growth.

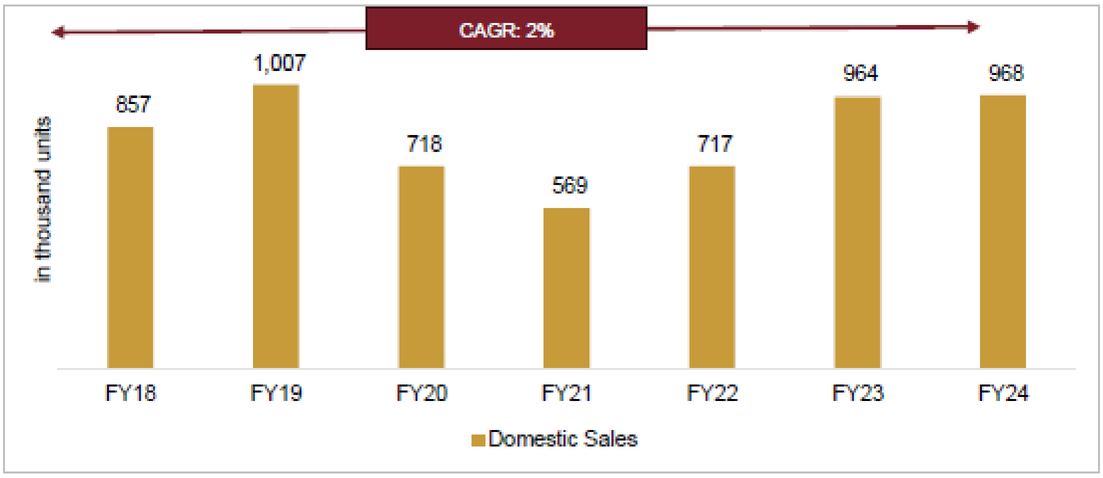
During Fiscal 2021 to Fiscal 2024 period, EV retails increased at approximately 160% CAGR (17x). This sharp rise in EV retails translated into 2.3% EV penetration in Fiscal 2024.

However, electrification in the passenger vehicle segment is still at a quite nascent stage and there is a sizeable scope of expansion going ahead.

Review of Indian commercial vehicle industry (Fiscals 2019 to 2024)

Between Fiscals 2018 and 2024, domestic CV sales logged a CAGR of 2%. The CV industry exhibited a noteworthy recovery in Fiscal 2023, achieving a remarkable growth rate of 35%, albeit on a low base, and reaching 96% of the pre-pandemic levels observed in Fiscal 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 to 3 years due to economic stagnation and the disruptive impact of the pandemic.

Review of commercial vehicle industry



Source: SIAM, CRISIL MI&A

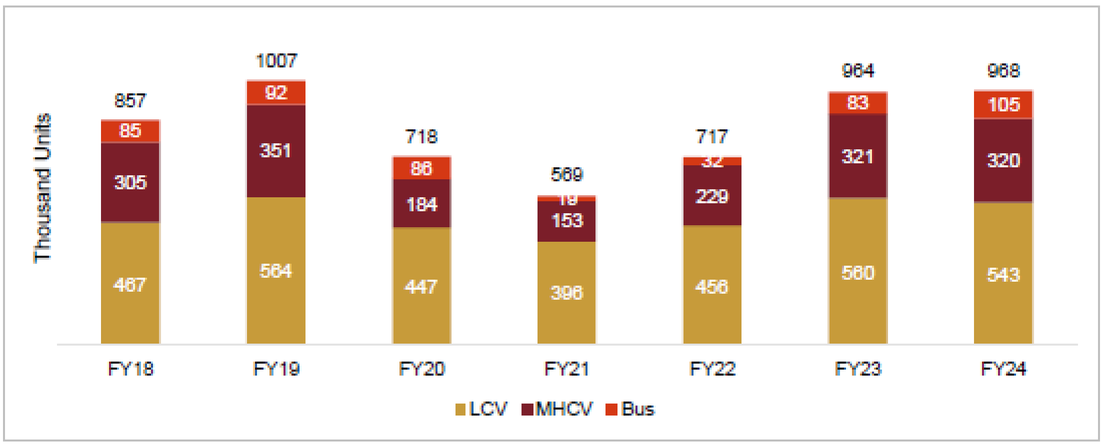
Segmental Trends

During Fiscal 2018 to Fiscal 2021, industry sales contracted at 13% CAGR amidst the 28% drop in Fiscal 2020 followed by further 21% contraction seen during Fiscal 2021 due to the pandemic. Over the last five years, the industry weathered major challenges on account of events such as demonetization, NBFC crisis, implementation of axle load norms, changes to insurance norms and transition to BS-VI emission norms. A culmination of these multiple factors, particularly post the second half of Fiscal 2019, resulted in a dampening of demand for CVs.

During the pandemic, due to the limited mobility, demand for buses was hit significantly contracting at 39% CAGR during Fiscal 2018 to Fiscal 2021 period. In Fiscal 2020, demand for buses was impacted due to safety regulations (emergency exit doors, fire detection and suppression, escape hatches and emergency lighting) that led to an increase of approximately ₹50,000 in the cost of ownership. This was after a price hike of approximately ₹15,000 due to mandatory installation of vehicle tracking system and panic buttons in January 2019.

On the other hand, the continued demand for LCVs for e commerce and last mile delivery restricted its fall to 5% and thus extending its share to 69% during Fiscal 2021. Moreover, LCVs are typically replaced every 6 to 8 years, and vehicles purchased between 2011 and 2013 were due for replacement in 2019. Given its strong sales in Fiscals 2011 and 2013, the sub-one-ton segment witnessed particularly strong replacement demand. This strategic replacement cycle contributed to stable sales in Fiscal 2019 and avoided a significant drop in LCV sales in Fiscal 2020 following robust sales in Fiscal 2018 and 2019. Even during the pandemic, a lesser impact of the pandemic on rural areas and improved rural sentiment resulted in LCVs outperforming M&HCVs.

Segment-wise share in domestic sales



Source: SIAM, CRISIL MI&A

The commercial vehicle (CV) sales for Fiscal 2024 witnessed a growth of 1%. This trajectory is underpinned by increased government spending and replacement demand. In Fiscal 2023, the CV industry exhibited remarkable recovery with a growth rate of 34%, reaching 96% of pre-pandemic levels.

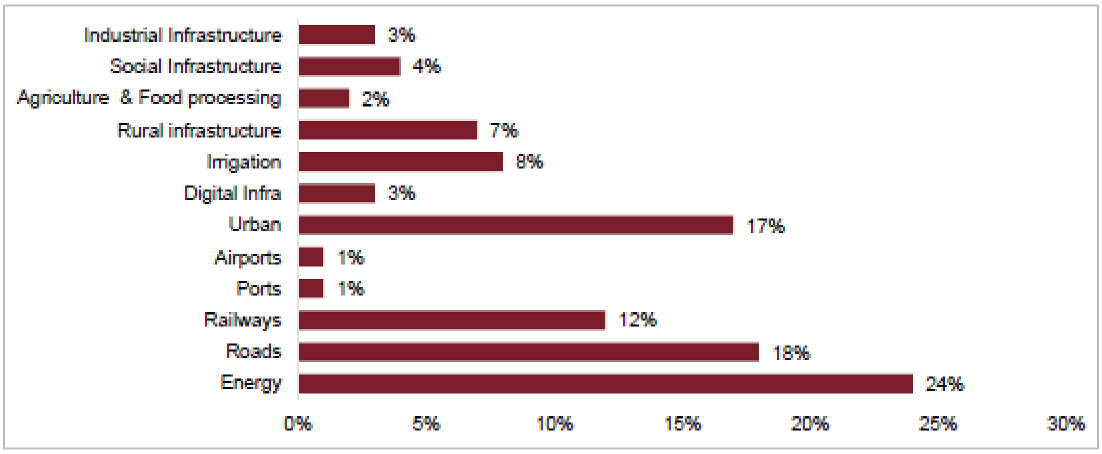
The Light Commercial Vehicle ("**LCV**") witnessed a decrease of (3)% in Fiscal 2024, after an all-time high in sales in the previous Fiscal. The lower utilization of vehicles coupled with the increase in asset costs lead to a decline in sales. The Medium and Heavy Commercial Vehicle ("**MHCV**") segment witnessed a stable outlook in the Fiscal 2024. In the Fiscal 2024, the bus sales sector witnessed substantial growth to 27%. 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)% to 2% due to the impact of the upcoming union elections and the cyclical nature of the industry.

Demand Drivers

Government's focus on infrastructure

The National Infrastructure Pipeline (NIP) for Fiscal 2019 to Fiscal 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 ₹111 lakh crore.

Sectoral break-up of NIP amounting to ₹111 lakh crore at launch



Source: Department of Economic Affairs - NIP Volume I, CRISIL MI&A

The NIP plan aims to double infrastructure investment per year from the current average of ₹10 lakh crore per year to ₹22 lakh crore per year. Of the total NIP investment of ₹111 lakh crore, ₹44 lakh crore (40%) worth of projects are under implementation, ₹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.

Replacement demand

LCVs are typically replaced every 6 to 8 years, and vehicles purchased between Fiscals 2011 and 2013 were due for replacement in Fiscal 2019. Replacement demand is expected to be particularly high for the sub-one-tonne segment, given its robust sales during Fiscal 2011 and 2013. This strategic replacement cycle contributed to stable sales in Fiscal 2019 and prevented a major decline in LCV sales in Fiscal 2020 after robust sales in Fiscals 2018 and 2019. The postponement of replacement volumes since Fiscal 2020 has further supported LCV demand volumes in Fiscal 2023.

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 6,00,000 to 6,50,000 MHCV vehicles for scrapping there by driving the replacement demand.

Review of the Indian tractor industry (Fiscals 2019 to 2024)

Historic domestic tractor industry

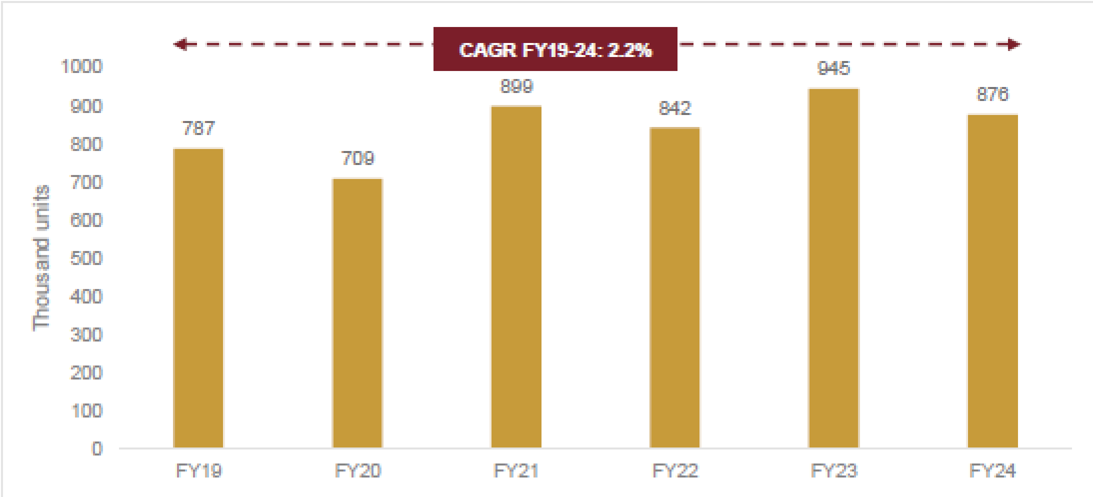
In Fiscal 2022, domestic tractor demand dropped 6.4% on-year after growing 26.6% in Fiscal 2021. Price hikes by OEMs, higher inventory at dealerships, lower commercial demand, negative farmer sentiment owing to rising cost of cultivation, low fertiliser availability and increase in other expenditure (such as marriages and other social occasions) hampered the demand.

In Fiscal 2023, tractor sales grew 12.2% on-year to an all-time high of approximately 945,000 units. Healthy crop prices, sound reservoir levels owing to above-normal monsoon, higher MSPs announced by the government and better rabi acreage, all led to positive farmer sentiment. Healthy festival demand because of various schemes and discounts supported the retail growth momentum. Commercial demand during the Fiscal, however, remained rangebound in Fiscal 2023 owing to slower retail momentum in eastern states and a complete ban on sandmining. In the last Fiscals, the governments in states such as Bihar, Jharkhand and Uttar Pradesh had clamped down on illegal sand mining, negatively impacting commercial demand for tractors.

Last Fiscal, domestic tractor sales dropped by 7.4% on-year to approximately 875,724 units, on account of lower reservoir levels and negative farmer sentiments. Negative farmer sentiments also impacted the festive demand, with sales in the festive months September, October, and November for Fiscal 2024 - being lower by 6% on-year as compared to the same period last Fiscal. Uneven rainfall distribution with monsoon being 6% below normal for the season has led to slower pick-up in the retail market. Barring north-west and central India, remaining regions reported deficit rainfall over normal impacting tractor demand. Reservoir level for the country as of 2nd May 2024, remained at 28% capacity as a percentage of live capacity. Erratic monsoon, lower reservoir levels, anticipated decline in rabi acreage contributed towards a 7.4% on-year decline in tractor sales for Fiscal 2024.

A large part of domestic tractor sales is driven by replacement demand. The typical holding period for a tractor is 6 to 9 years. Most of the tractors in the country is replaced within 7 to 8 years. Of the domestic demand, 50% to 60% constitute replacement demand. In states with high penetration of tractors, such as Punjab and Haryana, the replacement demand accounts for 70% to 80% of total sales. On the other hand, states with lower farmer incomes than that in Punjab and Haryana have a lengthier replacement cycle (higher age tractors) vs industry average.

Domestic tractor industry logged 2.2% CAGR between Fiscals 2019 and 2024



Source: TMA, CRISIL MI&A Consulting

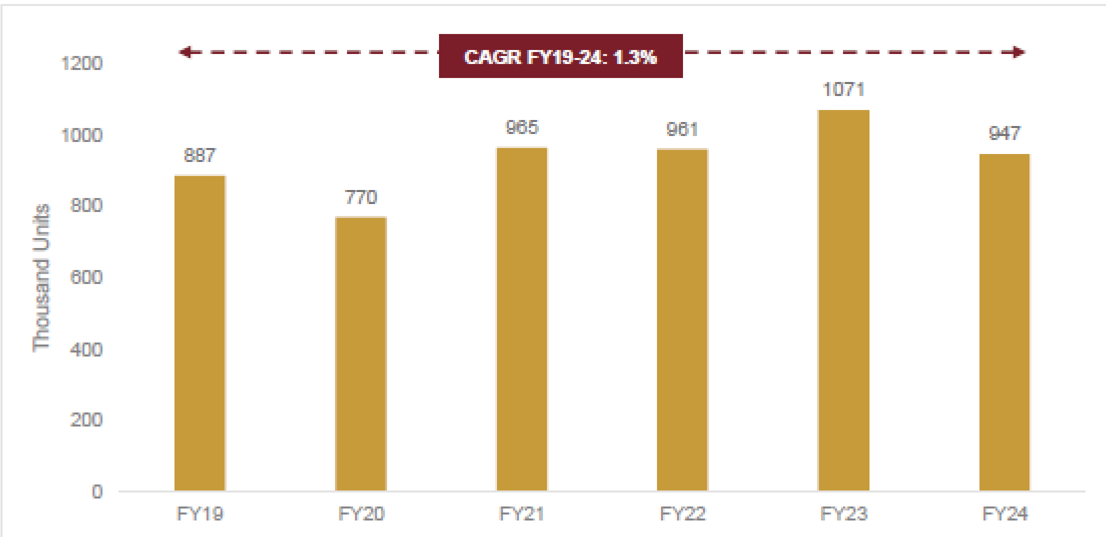
Historic production development (Fiscals 2019 to 2024)

In Fiscal 2024 tractor production declined by 11.6% on-year to a low of approximately 947,143 units after witnessing a growth of 11.5% in Fiscal 2023.

In recent years, the production of tractors in India has exhibited a noteworthy trend, as evidenced by the data from Fiscals 2019 to 2024. The production figures have displayed substantial growth during this period, reflecting the significance of the agricultural sector in India and the mechanization of farming practices. In Fiscal 2019, tractor production stood at 887 thousand units, and by Fiscal 2024, it had surged to 947 thousand units. This impressive increase signifies a growth of 1.3% CAGR over the five -year period.

The growth trajectory can be attributed to various factors, including the government's focus on rural development and the promotion of agriculture, which has incentivized farmers to invest in modern farming equipment like tractors. Additionally, technological advancements and innovative financing options have made tractors more accessible to a wider range of farmers, further driving production.

Tractor production has witnessed a growth of 1.3% CAGR between Fiscals 2019 to 2024



Source: TMA, CRISIL MI&A Consulting

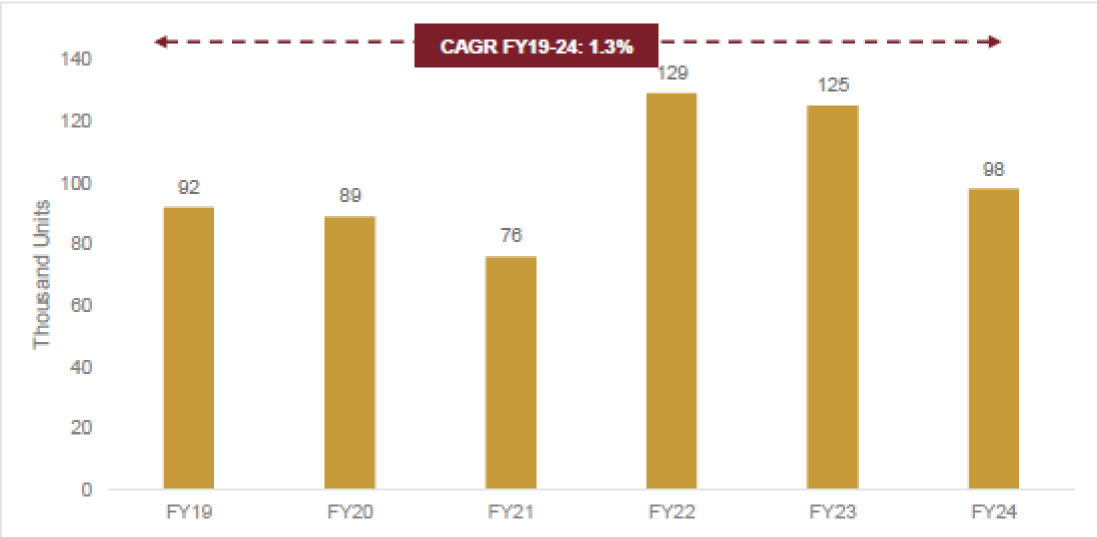
Tractor exports

Exports, accounting for about 10% of the overall tractor sales as of Fiscal 2024, on a low base of 90,000 to 100,000 post recording a 23% to 25% on-year decline in Fiscal 2024. Revival in demand from the US, Europe and Asia to further support growth.

Strategic push, such as setting up a base in foreign countries, by players to cater to the global demand would aid export sales. ITL's Solis brand has also been gaining popularity in the European markets. With most of the global companies de-risking exports from China due to the complexities and disruptions in the nation, India has become the natural hedge against Chinese exports. Further, with most of the companies equipped to comply with TREM IV norms, exports have bloomed in the past few years.

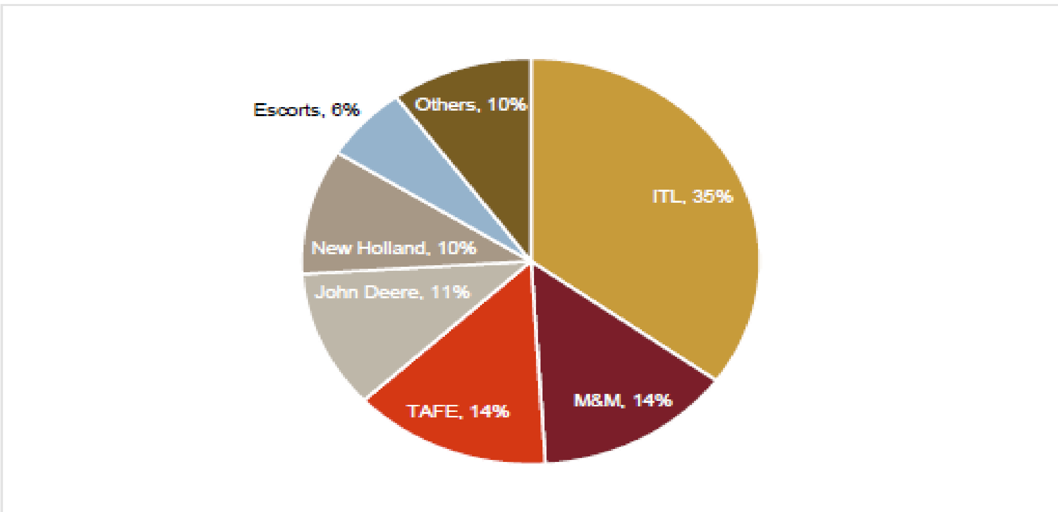
The export data for Indian tractors over the years from Fiscal 2019 to Fiscal 2024 reflects a fluctuating trend in the international market. This data underscores the influence of various global and domestic factors on the tractor export industry. The CAGR for this six-year period, considering both the ups and downs, stands at approximately 1.3%. While this growth rate may appear moderate, it signifies the resilience of the Indian tractor export industry in the face of various economic and global challenges.

Tractor exports from India has witnessed a growth of 1.3% CAGR between Fiscal 2019 to Fiscal 2024



Source: TMA, CRISIL MI&A Consulting

Player-wise share of tractor exports (Fiscal 2024)



Source: TMA, CRISIL MI&A Consulting

Review of the domestic Indian construction equipment industry (Fiscals 2022 to 2024)

CE are largely used for construction and infrastructure activity

CE are engineering machines and vehicles used for construction (industrial & infrastructure), agriculture, mining, waste management, and logging activities. They are also used to prepare the ground, excavation, haulage of material, and dumping/laying in a specified manner. The various types of machines used are backhoe loaders, excavators, wheeled loaders, skid steer loader, graders, cranes, dozers and compactors.

Industry structure

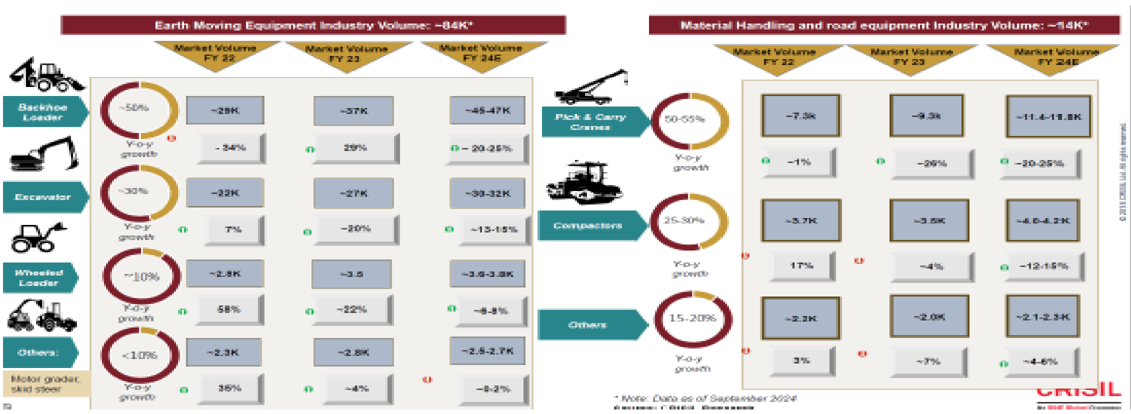
Source: CRISIL MI&A Consulting

Excavators, backhoe loaders, pick & carry cranes and compactors account for approximately 75% of the CE industry's revenue. In the construction sector, CE is mainly used in infrastructure and industrial construction. For instance, equipment like rollers, compactors are used through the lifecycle of a road project, while in sectors like housing and commercial construction, usage is limited to the initial stages of land development.

Construction equipment has an average life of about 7 to 8 years, depending on frequency of the usage. However, various components need to be regularly serviced and replaced and hence, after-sales service forms a critical part of the manufacturers' offering.

Hirers and small contractors are the major end-users of CE. Large engineering, procurement and construction ("**EPC**") companies account for only about 10% of total demand. Backhoe loaders are most popular in the Indian market as they are multi-functional (i.e. excavation and loading), relatively low on maintenance and easy to mobilize. It accounted for approximately 40% (volume) and approximately 28% (value) of the CE market, followed by excavators approximately29% (volume) and approximately 47% (value) which have a specialized usage pattern.

Sale of CE driven by EME sales, largely by backhoe loader and excavator



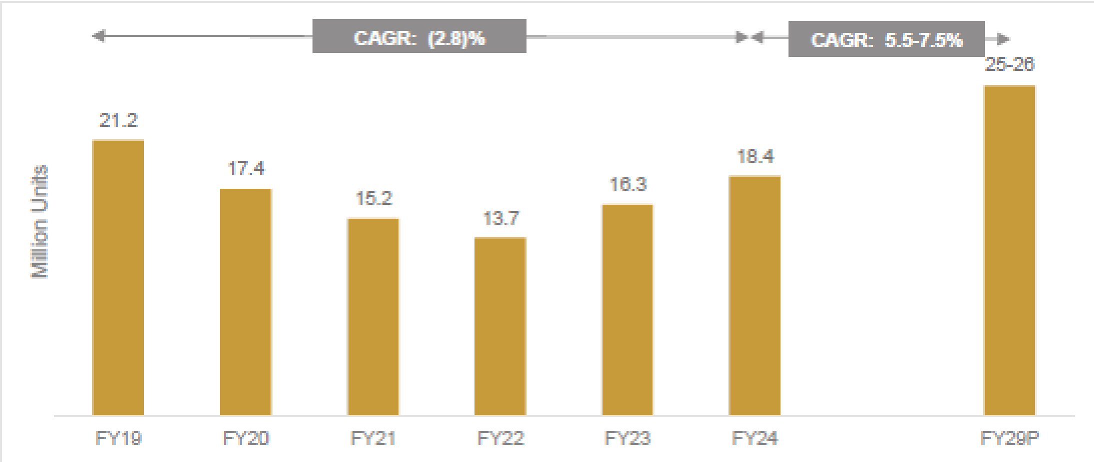
Source: CRISIL MI&A Consulting

Outlook on the following auto industry segments (Fiscals 2024 to 2029)

Outlook of the Indian Domestic Two-wheeler industry (Fiscals 2024 to 2029)

- Two-Wheeler Industry Outlook (Fiscals 2024 to 2029)

Domestic two-wheeler industry outlook – till Fiscal 2029



Source: SIAM, CRISIL MI&A

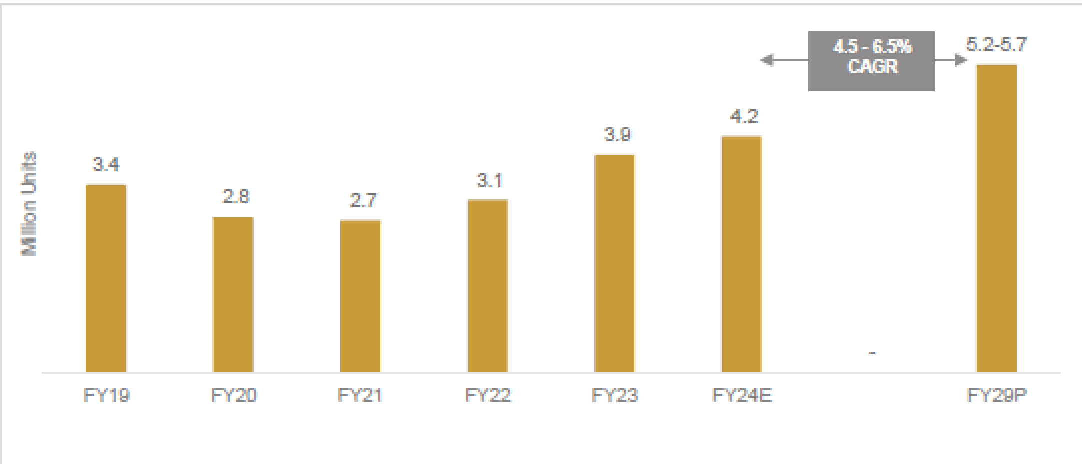
Industry growth will be driven by the EV segment which is projected to clock a healthy CAGR of 46% to 48% over the long term. While the ICE vehicle segment will grow at a subdued pace of 1% to 3% CAGR.

The faster growth in EVs will help the EV penetration to reach approximately 40% of the industry sales by Fiscal 2021. (EV subsegment outlook is covered in detail in the later section).

Outlook of Indian PV Industry (Fiscal 2024 to Fiscal 2029)

CRISIL MI&A expects the industry to clock 4.5% to 6.5% CAGR between Fiscal 2024 to Fiscal 2029 period to reach 5.2 to 5.7 million domestic vehicle sales.

Domestic PV Industry outlook (volumes)

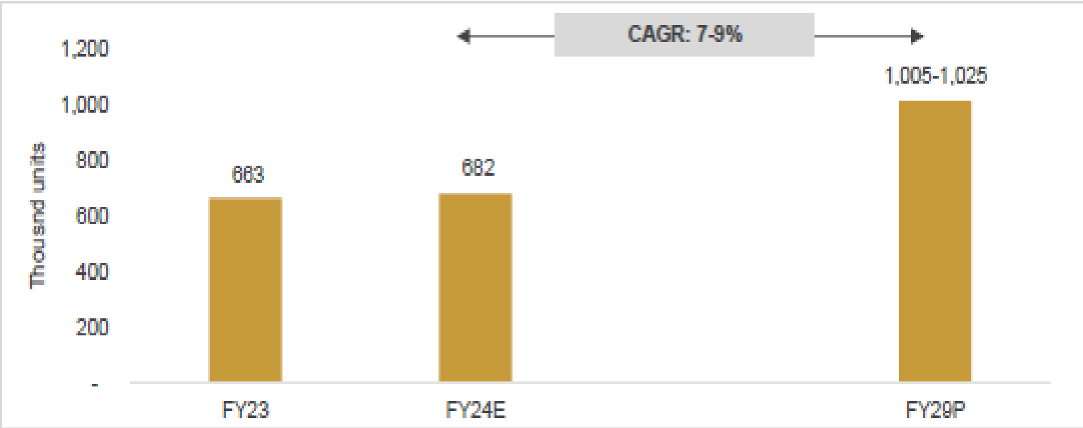


Source: SIAM, CRISIL MI&A

PV Exports Outlook for India

Passenger vehicle exports from India is expected grow at 3.1% in Fiscal 2024 and at a CAGR of 7% to 9% between Fiscals 2024 and 2029. Anticipated economic growth in key export regions along with push from OEMs will make India the base of exports for certain models, which in turn will boost exports.

Outlook for exports (Fiscal 2023 to Fiscal 2028P)

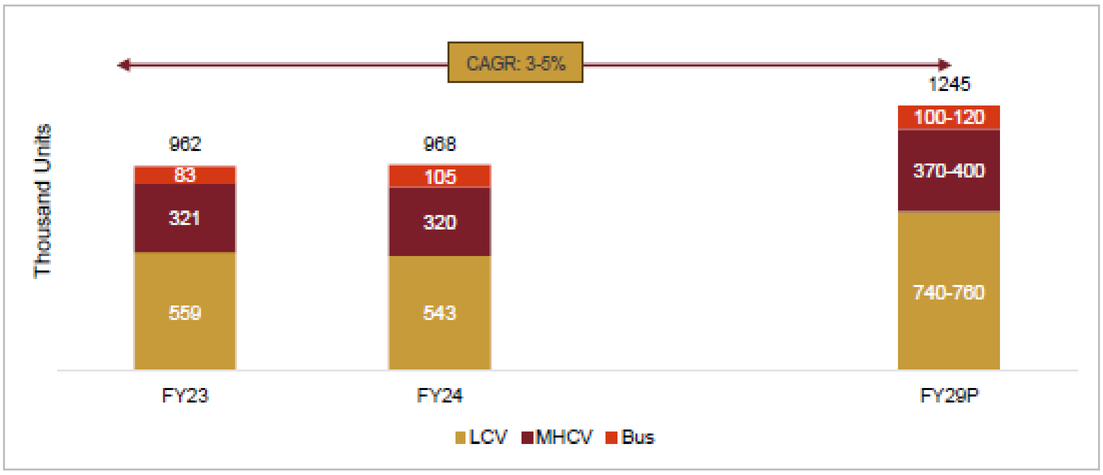


Source: CRISIL MI&A

Outlook of the Indian Commercial Vehicle industry (Fiscals 2024 to 2029)

Over the long-term horizon, domestic CV sales are projected to record a 3% to 5% CAGR between Fiscals 2024 and 2029, led by a 5% to 7% CAGR in the LCV segment, 2% to 4% CAGR in the M&HCV segment and 1% to 3% CAGR in the bus segment.

Commercial vehicle domestic sales outlook



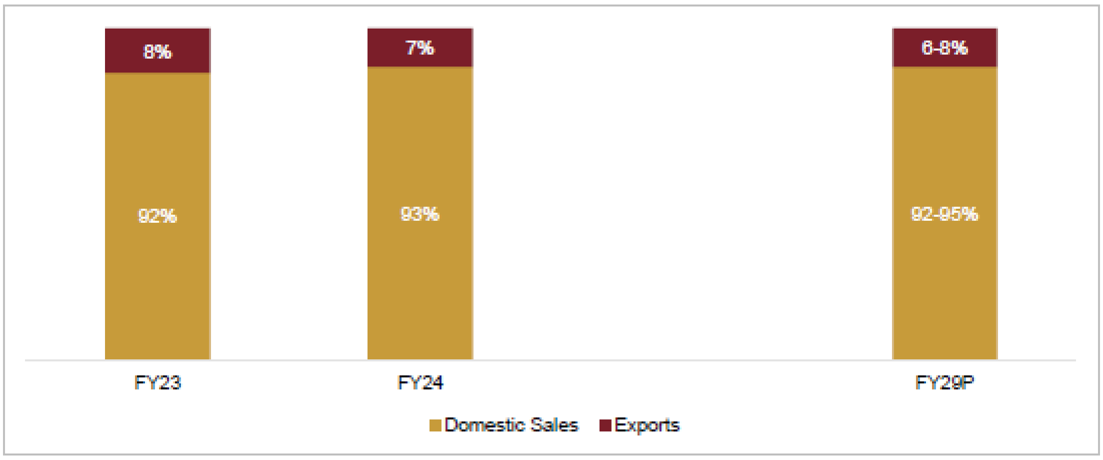
P: Projected; E: Estimated,

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 approximately 93% share of production even in Fiscal 2029. However, with exports projected to grow at 5% to 7% CAGR between the Fiscal periods 2024 to 2029, their contribution to overall production is likely to remain flat.

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% to 5% between Fiscals 2024 and 2029 aided by healthy industrial growth, focus on infrastructure and higher mining production.

Medium & 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% to 4% projected from Fiscal 2024 to Fiscal 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.

Over the next five years (Fiscals 2024 to 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.

LCV sales to grow at a modest pace in the long run

Light commercial vehicle (LCV) demand is expected to grow at a 5% to 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.

Bus demand is to witness strong growth over the next five years

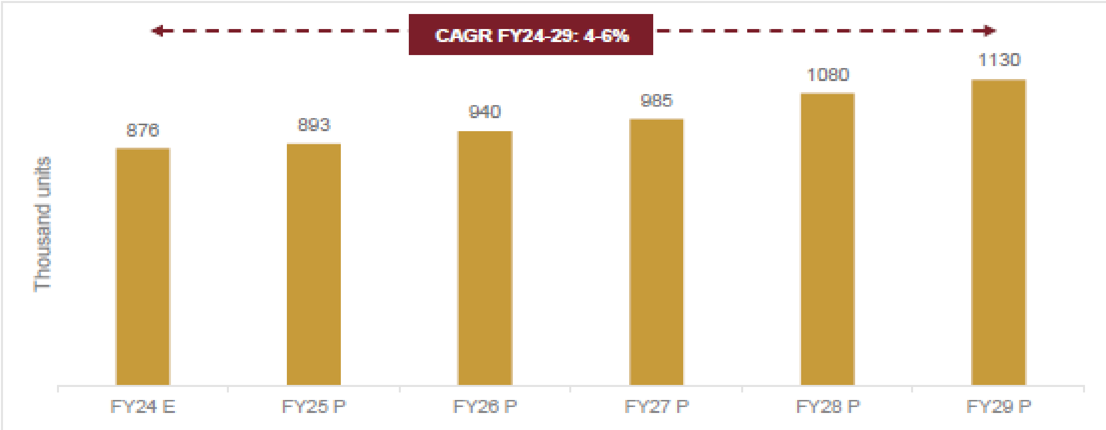
Domestic bus sales are expected to grow at a CAGR of 1% to 3% between Fiscals 2024 and 2029. Increased demand for inter-city/state travel, aided by improved road infrastructure, and higher personal disposable incomes will drive growth. The unregulated segment, which primarily serves demand from schools, 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 Fiscal 2010 and Fiscal 2013.

Outlook of Indian tractor industry (Fiscals 2024 to 2029)

Domestic demand to grow 4% to 6% over next five years on a high base (Fiscals 2024 to 2029)

CRISIL Consulting projects domestic tractor sales to expand at 4% to 6% compound annual growth rate (CAGR) during Fiscals 2024 to 2029, after factoring in one to two years of erratic monsoon during the period along with healthy sales expected in the remaining years. From Fiscal 2018 to 2023, the industry registered a CAGR of 5% due to healthy sales in Fiscals 2017, 2018, 2021 and 2023.

Tractor industry sales expected to increase 4% to 6% between Fiscals 2024 and 2029



E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

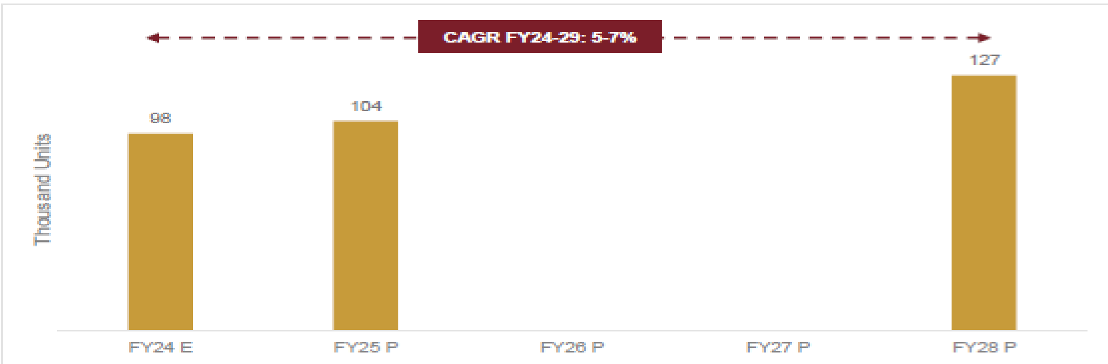
A large part of domestic sales is driven by replacement demand. Typical holding period for a tractor is around 6 to 9 years with most of the tractors being replaced in the country within 7 to 8 years. Of the overall domestic demand, 50% to 60% of the sales are replacement demand. For states having high penetration of tractors such as Punjab and Haryana, the replacement demand accounts for about 70% to 80% of the total sales. While states where farmer incomes are lower as compared to Punjab and Haryana have a lower replacement cycle (higher age tractors) compared to the industry average.

Replacement demand is expected to be higher by 4% to 6% on-year in Fiscal 2024 and rise by 8% to 10% on-year in Fiscal 2025 with healthy sales registered in Fiscals 2017 and 2018.

Exports expected to grow at a CAGR of 5% to 7% from Fiscal 2024 to Fiscal 2029 amid healthy demand from USA and other Asian and European countries

The compound annual growth rate (CAGR) between Fiscals 2024 and 2029 is expected to be 5% to 7%. The USA, Europe & Asia are likely to remain the focal regions for long-term exports.

Exports expected to grow at a CAGR of 5% to 7% from Fiscal 2024 to Fiscal 2029



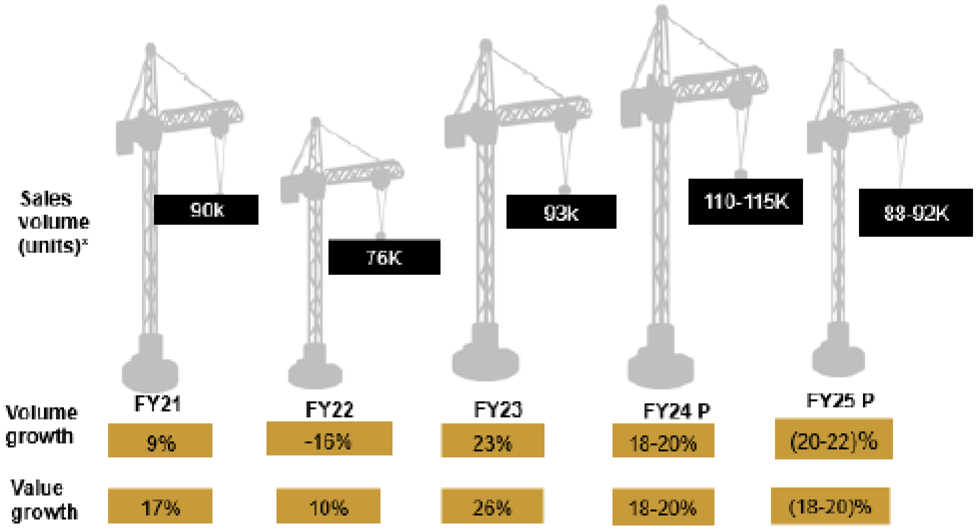
E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

Outlook on the construction equipment industry (Fiscals 2024 to 2026)

CE industry to record double digit growth in Fiscal 2024 on a high base; growth to moderate in Fiscal 2025

Equipment volumes seen rising 18% to 20% on year in Fiscal 2024



Source: CRISIL MI&A Consulting

Long term potential intact driven by growth in end-user segments

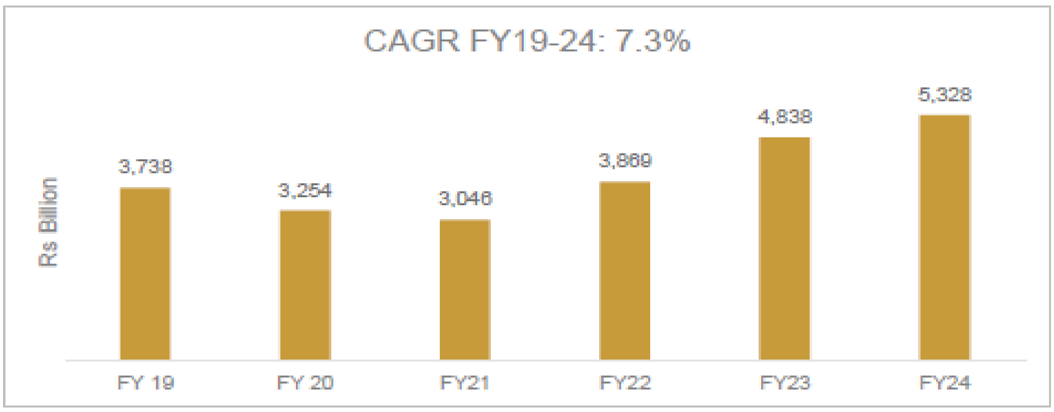
Total Infrastructure capital expenditure to grow at 9% to 10% CAGR during Fiscal 2024 to Fiscal 2028 with Roads, Railways and Urban Infrastructure constituting approximately 55-60% of total spending. Other sectors like Ports, Airports and Building construction to also record healthy growth in coming Fiscals.

Review and Outlook on the Indian Auto Components industry

Review of the Indian Auto component industry

Historic growth and review of current market size (Fiscal 2019 to Fiscal 2024)

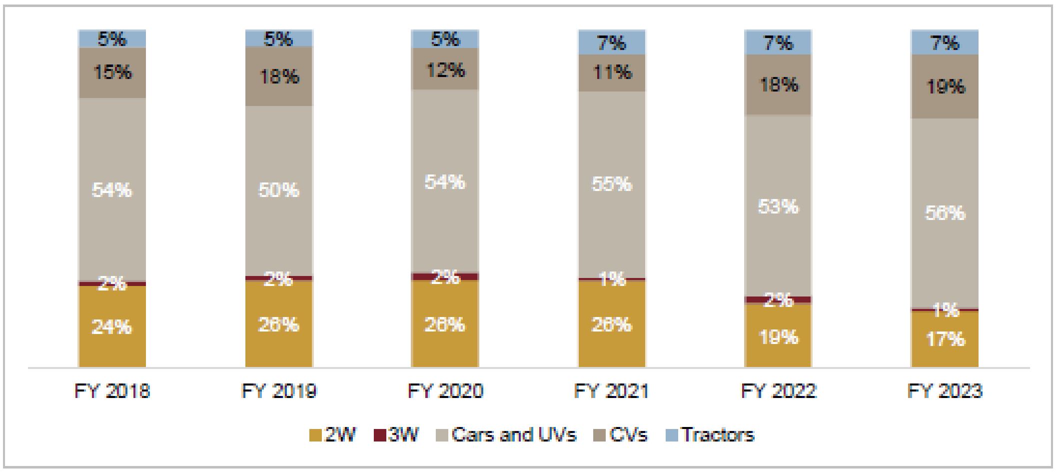
Domestic production of auto components (Fiscal 2019 to Fiscal 2024)



Source: CRISIL MI&A Consulting

Auto component production revenue increased at 7.3% CAGR between Fiscals 2019 to 2024 was aided by recovery in economy, buoyant demand from OEM and replacement market as well as increase in exports. CRISIL estimates domestic auto-component production revenue to increase by 8% to 10% in Fiscal 2025.

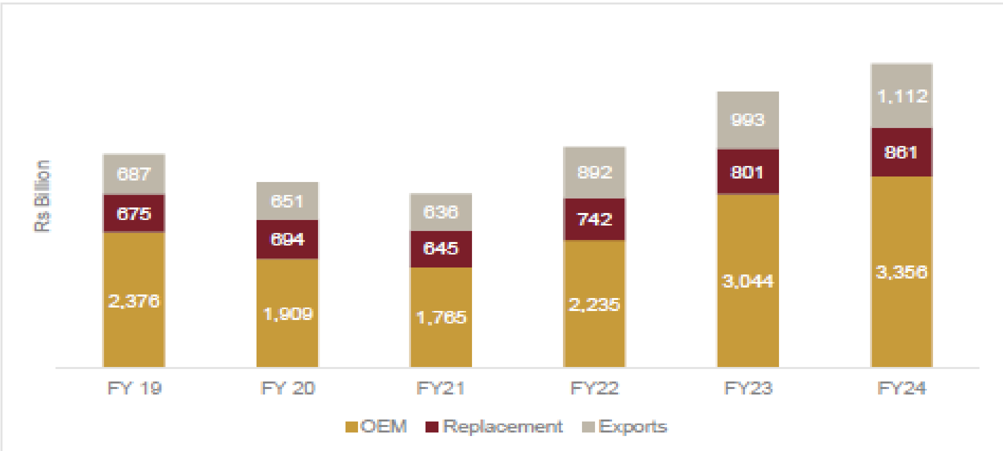
Review of Auto component production segment by vehicle category



Source: SIAM, CRISIL MI&A Consulting

CRISIL MI&A expects the auto component market size to grow at a 9% to 11% CAGR between Fiscals 2024 and 2029, comparable to the 7% CAGR observed over Fiscal 2019 to Fiscal 2024.

Trend in domestic consumption of automotive components (Fiscal 2019 to Fiscal 2024)



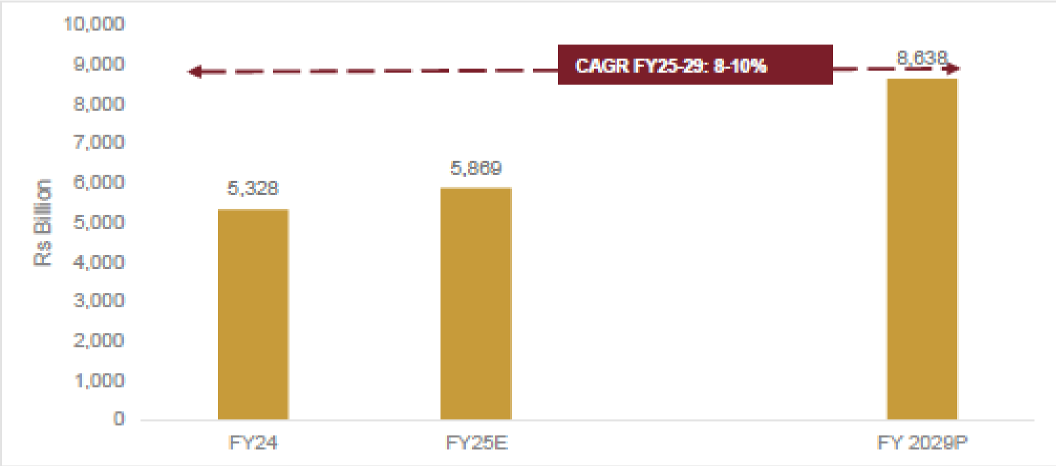
Source: CRISIL MI&A Consulting

In Fiscal 2025, replacement segment is expected to clock further 7% to 9% growth post 6% to 8% expected growth in Fiscal 2024 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.

Outlook for automotive component industry (Fiscals 2024 to 2029P)

CRISIL MI&A expects auto component market size to grow at 8% to 10% CAGR between Fiscals 2024 and 2029 to reach ₹8,000 to ₹9,000 billion. This is more than approximately 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 (Fiscal 2020 and Fiscal 2021).

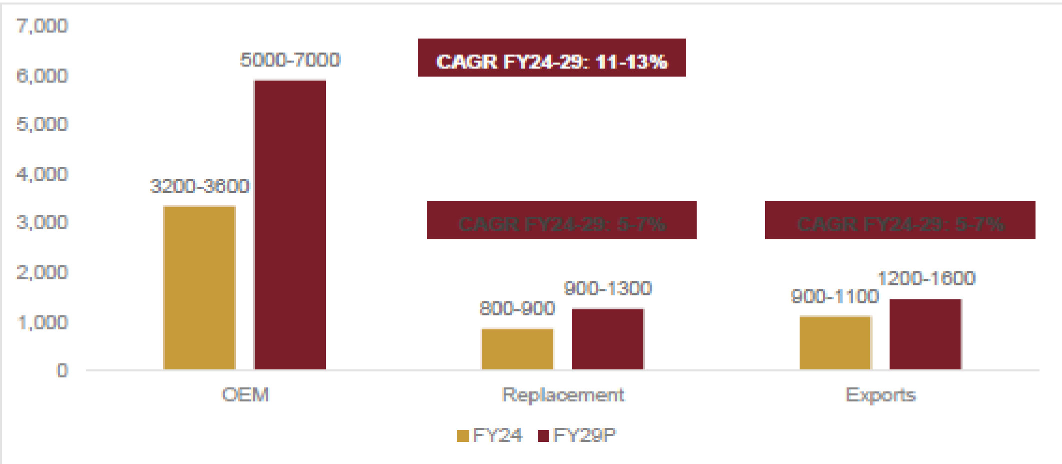
Outlook on domestic production of auto components (Fiscals 2024 to 2029P)



E: Estimated, P: Projected

Source: CRISIL MI&A Consulting

Outlook on domestic consumption of auto components (Fiscals 2024 to 2029P)



E: Estimated, P: Projected

Source: CRISIL MI&A Consulting

The growth in Fiscal 2025 will be aided by recovery in economy (GDP growth of approximately 6.8%), buoyant demand from OEM and replacement market.

OEM demand is expected to clock 11% to 13% 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% to 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.

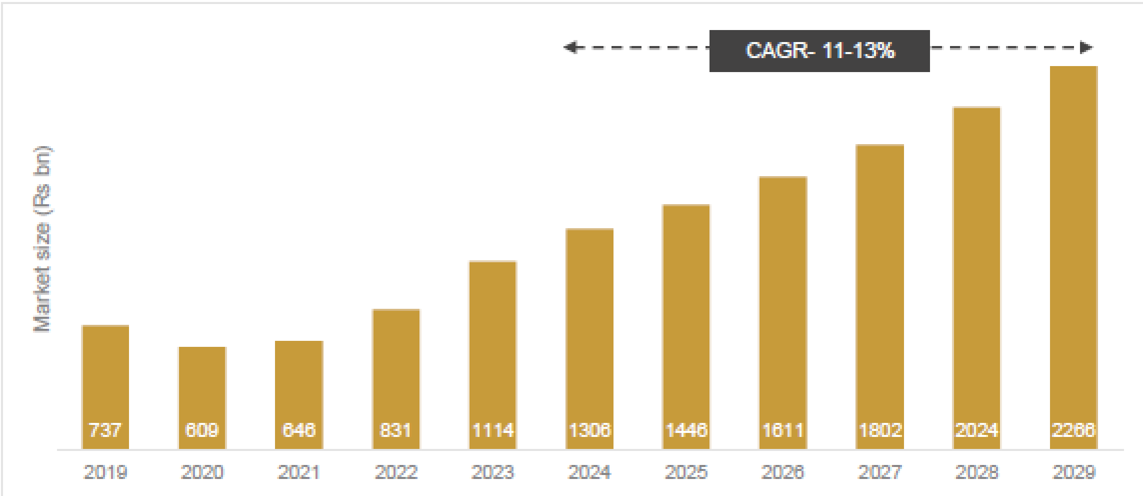
Imports are expected to grow by 8% to 10% between Fiscal 2024 and 2029. The government's high focus on electric vehicles ("**EVs**") and imports of batteries and cells, battery management systems ("**BMS**") is expected to drive growth in the long term, although to be restricted by low EV penetration in the near term. However, government initiatives of production linked incentive scheme to provide ₹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.

Review and Outlook for the Automotive Powertrain market in India pertaining to commercial vehicles, off-road vehicles (construction equipment's), SUVs and tractor segment

Powertrain and transmission market to accelerate between Fiscals 2024 to 2029

The powertrain market is expected to clock 11% to 13% CAGR during Fiscals 2024 to 2029. During Fiscal 2020 industry was affected by a drop in domestic demand as well as subdued exports owing to disruptions in the economies caused by the Covid-19 pandemic globally and witnessed a de-growth of 17% but has picked up from Fiscal 2021 witnessing a growth of 6%.

Powertrain and transmission market to be driven by increased OEM demand between Fiscals 2024 and 2029

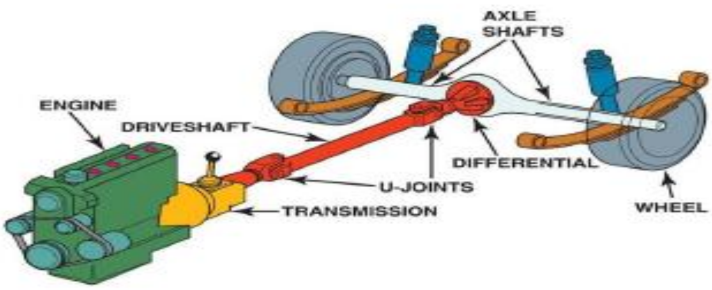


Source: CRISIL MI&A Consulting

The cost of key raw materials such as aluminium, iron, and steel will also have a bearing on the cost of powertrain components. Overall aluminium prices was estimated to grow at 4% to 6% in Fiscal 2024 and is expected to grow by 7% to 9% in Fiscal 2025 due to health demand.

In the case of iron ore prices, after rising at 6% to 8% CACR from Fiscal 2019 to 2024, domestic iron ore prices remained stable during Fiscals 2022 to 2024 steady demand from automobile as well as construction related segments.

Powertrain and transmission



In automobiles, a powertrain generates power and transmits it to the wheels. It can be broadly classified into four components – (i) engine and engine parts, (ii) transmission, (iii) driveshaft, and (iv) rear axle. The engine burns the fuel to produce mechanical power. It comprises several critical components, including cylinder block, cylinder head, and crankshaft, pistons, camshaft, and engine valves.

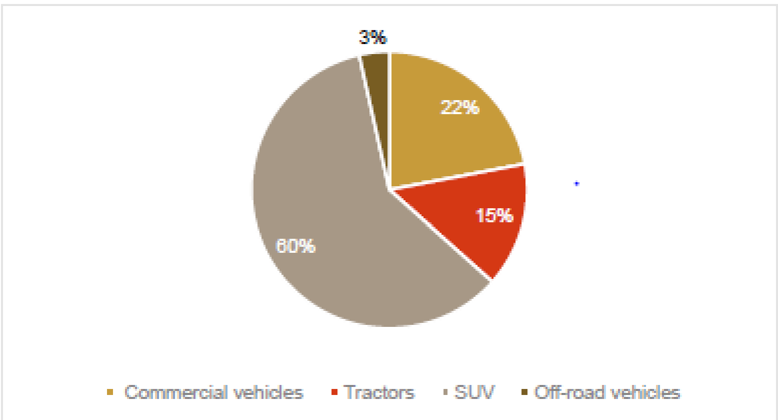
In order to further understand the powertrain segment some of the key components in the powertrain segment and their respective estimated market size have been analysed by CRISIL below:

Cylinder block

Cylinder block is the supporting structure of the engine on which all engine parts are mounted. It houses the cylinder, which gives engine its power. The cylinder block for commercial vehicles (CVs), off-road vehicles, sports/multi-utility vehicles (SUVs / MPVs), and tractors uses cast iron. In fact, cast iron accounts for 55% to 60% of the manufacturing cost, which weighs on the revenue of companies.

The market size of the cylinder block for CVs, construction vehicles, MPV/SUVs, and tractors is estimated at ₹68 billion in Fiscal 2024, which is expected to reach approximately ₹118 billion by Fiscal 2029.

Market share of cylinder block by vehicle segment (Fiscal 2024: ₹68 billion)



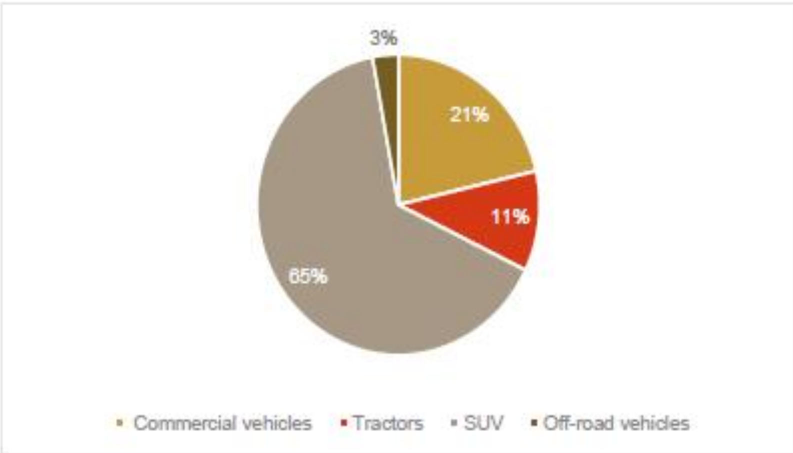
Source: CRISIL MI&A Consulting

Cylinder head

Cylinder head covers the cylinder and helps the head gasket seal the cylinders in order to build enough compression for the engine operation. Similar to a cylinder block, cylinder heads are also manufactured by the process of casting using ferro alloys.

The current market size of cylinder head for CVs, construction vehicles, SUVs, and tractors is ₹35 billion, which is expected to reach approximately ₹61 billion by Fiscal 2029.

Market share of cylinder head by vehicle segment (Fiscal 2024: ₹35 billion)



Source: CRISIL MI&A Consulting

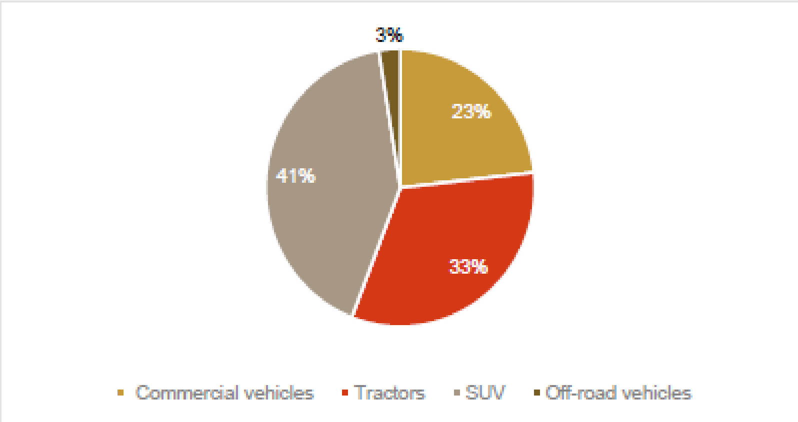
Transmission

Transmission is commonly known as the gearbox, which transmits power to the wheels through the drive shaft and rear axle. Auto-component companies are engaged in casting, forging and machining of engine parts, transmission parts housing, drive shaft, rear axle housing, etc.

Transmission is a set of gears within a casing that allows controlled application of the power using different gear ratios. The switching of gears can be done manually by the driver of the vehicle or automatically, depending on the type of transmission used in the vehicle. In India, manual transmission is used for CVs and tractors, while automatic transmission is used for SUVs.

The current market size of transmission segment for CVs, SUVs, and tractors is approximately ₹428 billion, which is expected to reach approximately ₹496 billion by Fiscal 2029.

Market share of transmission by vehicle segment (Fiscal 2024: ₹428 billion)



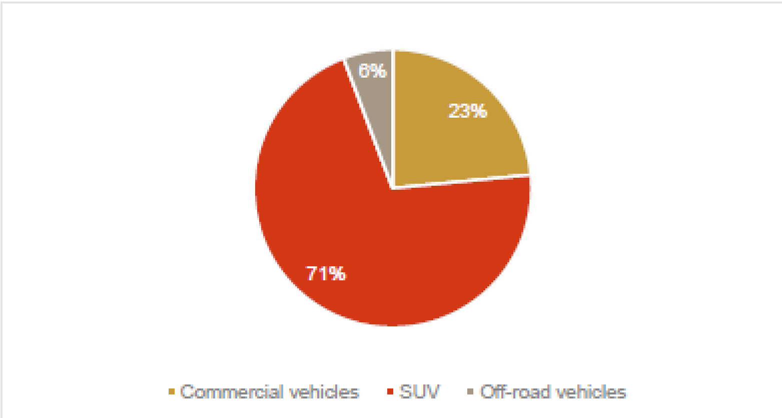
Source: CRISIL MI&A Consulting

Rear axle

Rear axle lies between the wheels and the differential gear that transmits power from the differential to the wheels. The differential gear and rear axle are enclosed in a single housing that is connected to the drive shaft. Auto-component manufacturers use the process of forging/ castings, post which heat treatment and machining is done for the finished product.

The current market size of rear axle for CVs, SUVs and off-road vehicles is ₹186 billion, which is expected to reach approximately ₹330 billion by Fiscal 2029.

Market share of rear axle by vehicle segment (Fiscal 2024: ₹186 billion)



Source: CRISIL MI&A Consulting

Key powertrain and transmission manufacturers across segments

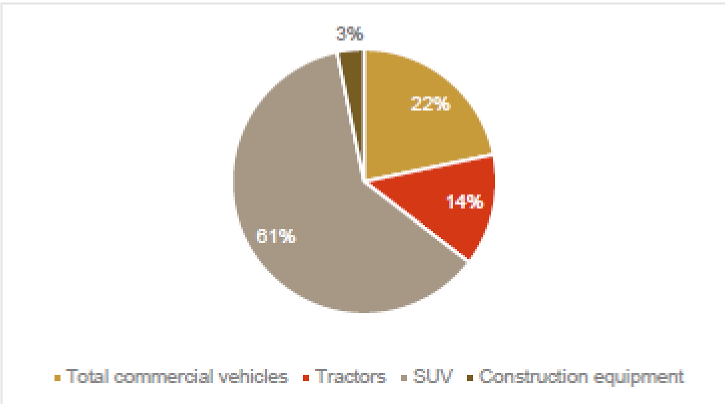
Key Players	Two wheelers/ Three wheelers	Passenger vehicles	Commercial Vehicle	Construction Equipment	Tractor
Avtec Ltd.	✓	✓	✓	✓	✓
Endurance Ltd.	✓				
Jaya Hind industries Ltd.	✓	✓	✓	✓	
Sundaram Clayton	✓	✓	✓		
Alicon cast Alloy	✓	✓			
Ashok Iron works				✓	✓
Continental Engines	✓				✓
DCM engineering Products		✓	✓	✓	✓
Hinduja Foundaries		✓	✓	✓	✓
Nelcast			✓		✓
Kirloskar Ferrous Industries		✓	✓	✓	✓

Source: CRISIL MI&A Consulting

Craftsman Automation Limited is one of the largest players in the cylinder block and cylinder head segments in the automotive powertrain manufacturing Industry in India.

Apart from the above-mentioned casted components, the gamot of powertrain segment in an automobile include various other machined and forged components all of which together bring the market size of power train and transmission segment to over ₹1,300 billion estimated as on Fiscal 2024.

Market share of powertrain and transmission vehicle segment-wise – Fiscal 2024: ₹1,306 billion



Source: CRISIL MI&A Consulting

Review and outlook on the aluminium die casting market in India

Review of aluminium castings market in India (Fiscal 2019 to Fiscal 2024)

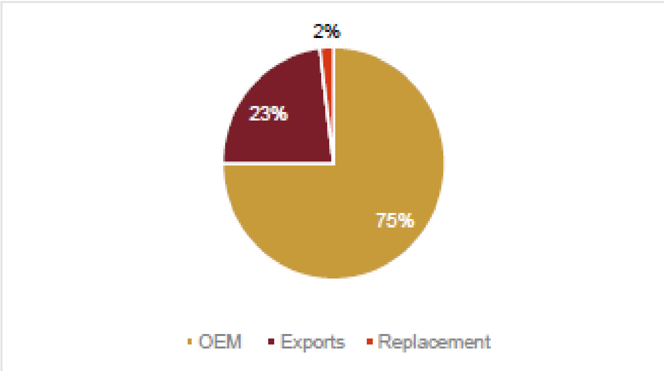
The automobile industry is the biggest consumer of castings, with approximately 70% to 80% share of demand. While automotive castings are used in several sub-systems, engine heads and blocks constitute nearly 40% share of castings used in a vehicle. Besides, there are transmission housings, pistons, crank covers, clutch parts, axles, chassis parts, gear box and wheel parts. Some of the casting components used in the vehicles are cylinder blocks and cylinder heads, transmission housing, pistons, crank covers, clutch parts, axles, chassis parts, gear box and wheel parts. Demand for aluminium castings, which are used as part of alloy wheels, has picked up due to an increase in penetration of alloy wheels in two-wheelers and passenger vehicles.

In non-ferrous castings, proportion of two-wheelers (64%) and passenger vehicles (30%) is higher as aluminium helps in overall reduction in weight of the vehicle which in turn helps in improving fuel efficiency

Original equipment manufacturers account for 75% of the offtake. Exports account for 23%, with the aftermarket comprising the remainder.

Size of the aluminium casting industry was about ₹210 billion in Fiscal 2024. Demand for aluminium die casted products stood at 0.52 million metric tonnes in Fiscal 2024.

Revenue distribution (Fiscal 2024)

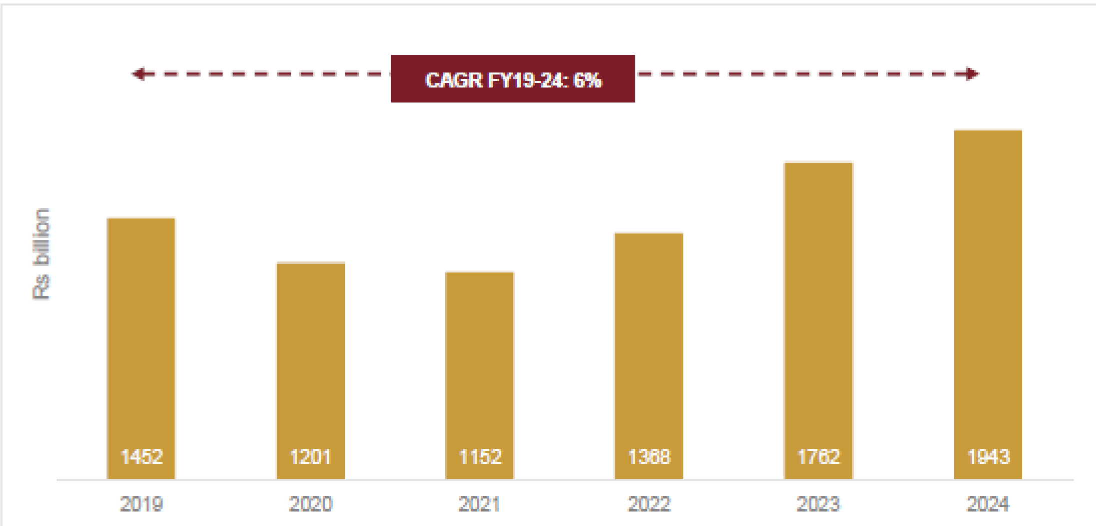


Source: CRISIL Consulting

Review of automotive powertrain market in India (Fiscal 2019 to Fiscal 2024)

During Fiscal 2020 industry was expected to be affected by a drop in domestic demand as well as subdued exports owing to disruptions in the economies caused by the Covid-19 pandemic globally and it witnessed a de-growth of 17% and 4% in Fiscals 2020 and 2021 respectively, but then bounced back with the growth of 19% in Fiscal 2022. Automotive powertrain market registered a positive growth trend from Fiscal 2021 to 2024 due to healthy demand from commercial vehicles, tractors, two wheelers, construction equipment and passenger vehicles.

Automotive powertrain market logged 6% CAGR between Fiscals 2019 to 2024



Source: CRISIL MI&A Consulting

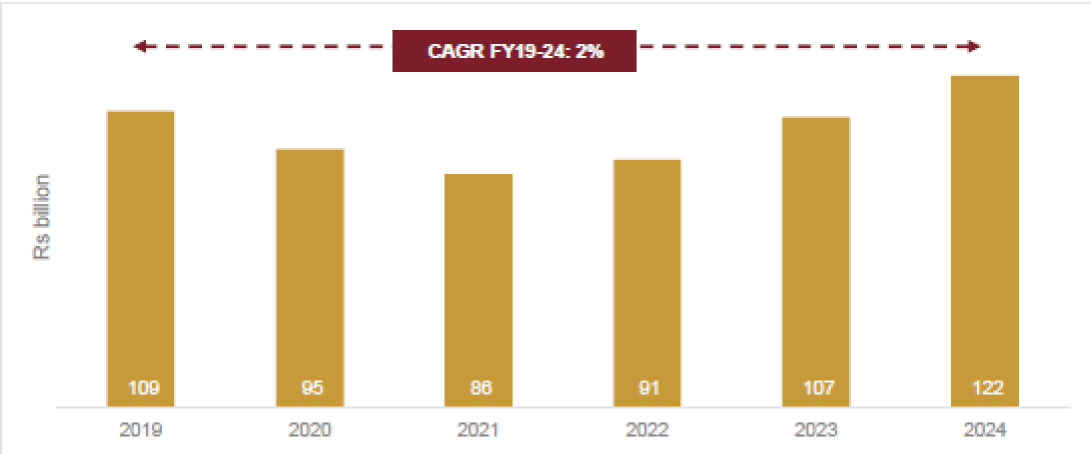
Review of automotive structural components market in India (Fiscal 2019 to Fiscal 2024)

Cradle:

Engine cradle is a structural component, sub frame of an automobile that uses a separate or discrete structure within a large body-on-frame or unit body to carry the engine. Automotive engine cradle is employed for support of automotive components and systems, such as suspension, transmission and engine. The engine cradle takes the pressure off the engine mounts and spread it through the cradle making it harder to break the mounts off the block.

The market size of the cradle for CVs, off-road vehicles, MPV/SUVs, and two wheelers was ₹122 billion in Fiscal 2024.

Cradle market logged 2% CAGR between Fiscals 2019 to 2024



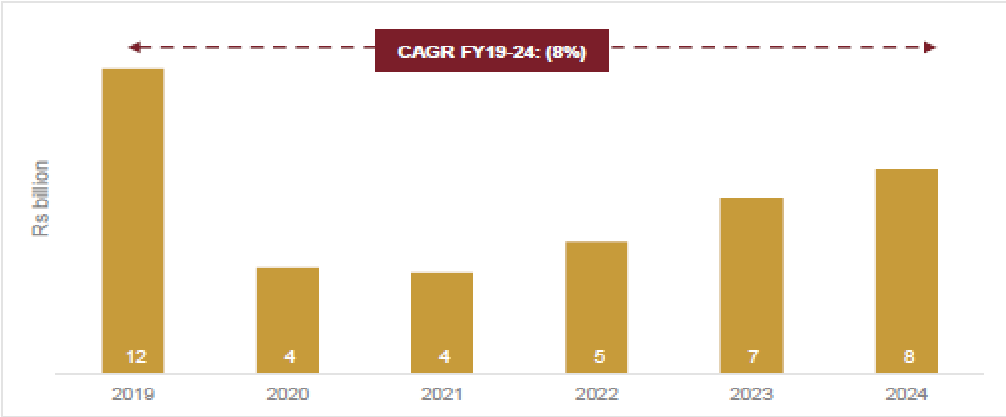
Source: CRISIL MI&A Consulting

Water pump inlet pipe:

The water pump used in automobiles is a standard centrifugal pump that is powered by a belt attached to the engine's crankshaft. The fluid is pumped around when the engine is running. The water pump, which is typically powered by a belt from a crankshaft pulley or sprocket, is essential to the running of a car engine because it makes sure that coolant flows through the cylinder head, radiator, hoses, and cylinder block and maintains the ideal automotive operating temperature.

The market size of the water pump inlet pipe for CVs, off-road vehicles, MPV/SUVs, and two wheelers was ₹8 billion in Fiscal 2024.

Water pump inlet pipe market logged (8%) CAGR between Fiscals 2019 to 2024



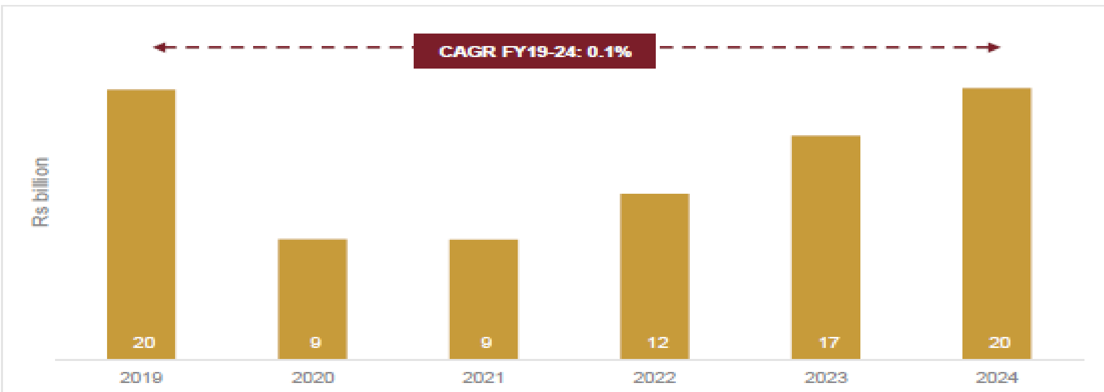
Source: CRISIL MI&A Consulting

Air intake manifold:

Automotive Air intake manifold is a crucial component of the engine, as it is responsible for supplying air mixture to the various cylinders. An intake, manifold, distributes incoming air to the cylinders through the valve ports on the cylinder heads. An intake manifold is an integrated assembly that sits atop the engine, consisting of a series of tubes which distribute fresh outside air to each and every cylinder.

The market size of the water pump inlet pipe for CVs, off-road vehicles, MPV/SUVs, and two wheelers was ₹20 billion in Fiscal 2024.

Air intake manifold market logged 0.1% CAGR between Fiscals 2019 to 2024



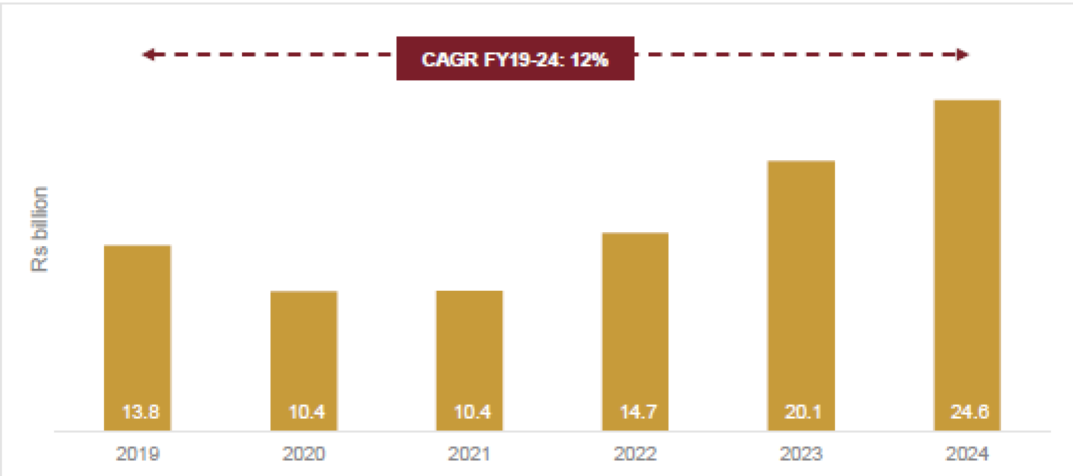
Source: CRISIL MI&A Consulting

Camcover & oil filter housing:

Found in almost all engines, the oil filter housing secures the oil filter into place. It is important in helping keep clean oil circulating around the engine. An internal filter element is dropped into the housing and is secured by the oil filter cap. Without it, engine oil would not be able to flow through the oil filter efficiently, and contaminated oil would damage the engine over time.

The market size of the camcover & oil filter housing for CVs, off-road vehicles, MPV/SUVs, and two wheelers was ₹24.6 billion in Fiscal 2024.

Camcover and oil filter housing market logged 12% CAGR between Fiscals 2019 to 2024



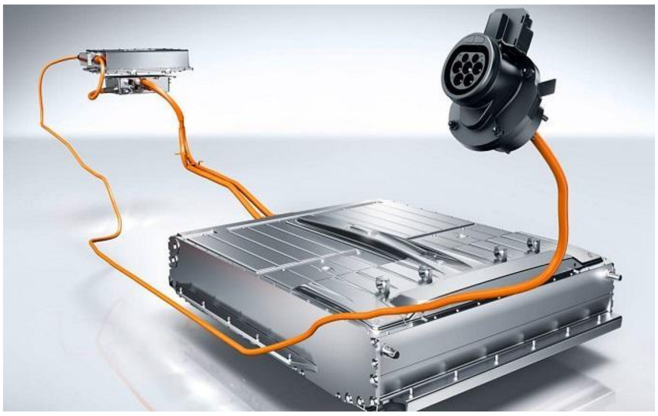
Source: CRISIL MI&A Consulting

Review of E-Vehicle components market in India (Fiscal 2019 to Fiscal 2024)

In the two-wheeler segment, initially lead-acid battery-powered scooters were launched in India which had average speeds below 25 km per hour (kmph). With innovations on the battery side, lithium-ion battery scooters gained traction, as they had average speeds of 40-50 kmph. Moreover, backed by a bevy of vehicle launches, entry of non-traditional players such as Ola and Ather into the EV space, added FAME subsidy incentives, increased ICE vehicle prices, and a sharp rise in fuel prices, EV sales have skyrocketed, especially in the last two years. The tech-savvy younger customer base quickly adopted these latest vehicles, which offered state-of-the-art features, attractive designs, lightweight body, and increased manoeuvrability. Since EVs are simpler to produce than traditional ICE vehicles, many new OEMs have emerged in the space, both start-ups (such as Ather Energy, Simple Energy, and Tork Motors that have developed EV offering indigenously) and established business houses (such as JSW Group foraying into EV manufacturing). Non-legacy players such as Ola Electric, Ather Energy, Okinawa Scooters, and Ampere EV by Greaves have gained a strong foothold in the domestic e-2W industry, stealing a march on established OEMs, and are disrupting the market with a hope to leverage their first-mover advantage and technological expertise. Traditional ICE players have taken longer to enter the e-2W segment; however, they are making up for lost time by rapidly expanding their sales network and production capacity and are likely to challenge the top EV players.

EV penetration in the passenger vehicle (PV) segment was insignificant till Fiscal 2021 but it received a significant boost amid a sharp rise in fuel prices, a rise in ICE vehicle prices and the launch of newer models in the EV segment. Additionally, rising awareness, shifting consumer preferences provided an added boost to EV demand. However, electrification in the passenger vehicle segment is still at a quite nascent stage amid range anxiety, limited charging infrastructure availability, and relatively high costs of EVs, raising the total cost of ownership of EVs. EV adoption will be spearheaded by the taxi/commercial passenger vehicle segment. For this segment, the continued lower cost of ownership will provide the incentive to shift from ICE vehicles to EVs. Moreover, the entry of greentech EV-only start-ups such as BluSmart and CAB-E will further boost demand. EV adoption in the personal segment is expected to be gradual. EV penetration will also be propelled by policies adopted by the government for penalising non-adherence to CAFE norms.

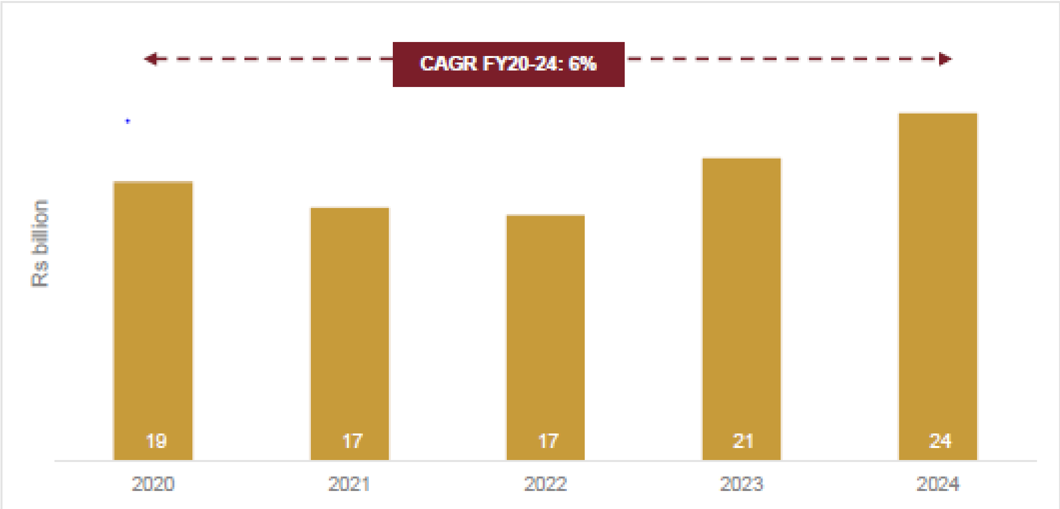
Battery Housings:



Electric vehicle battery housing is a structural component that encloses and protects the battery pack in an electric vehicle. It is also responsible for dissipating heat from the battery pack and preventing the spread of fire in the event of a battery failure. The battery housing is a critical component of an electric vehicle because it protects the battery pack from damage and helps to ensure the safety of the vehicle occupants. It is also important for the thermal management of the battery pack, which helps to improve the performance and lifespan of the battery.

The market size of the battery housing for off-road vehicles, MPV/SUVs, and two wheelers was ₹24 billion in Fiscal 2024.

Battery housing market logged 6% CAGR between Fiscals 2020 to 2024



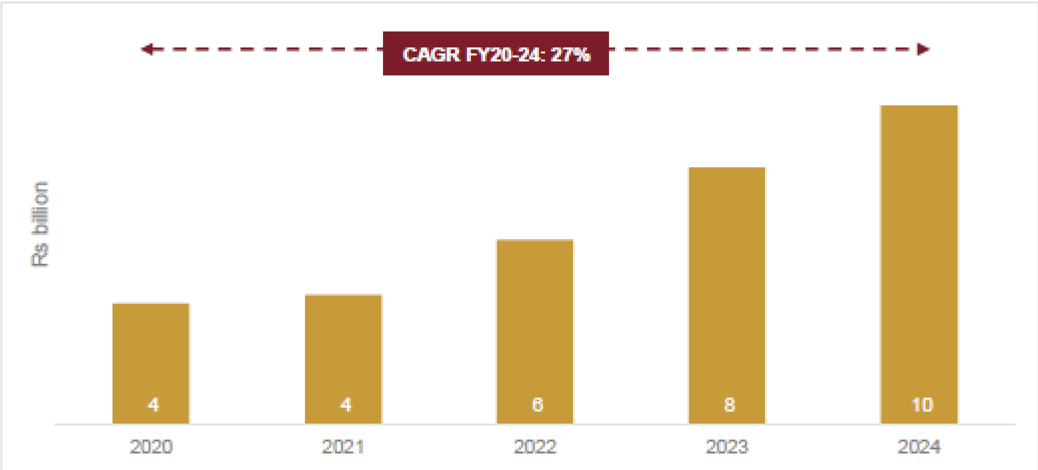
Source: CRISIL MI&A Consulting

Motor Housing:

Automotive motor housings are usually made of aluminium profiles. They are small and primarily intended to conceal electrical connections from sight or to protect them from tampering, they are also known as junction boxes, street cabinets, or interfaces in technical service areas. The motor housing is the main part of the electric vehicle components, and the number of such parts is also increasing.

The market size of the motor housing for off-road vehicles, MPV/SUVs, and two wheelers was ₹10 billion in Fiscal 2024.

Motor housing market logged 27% CAGR between Fiscals 2020 to 2024



Source: CRISIL MI&A Consulting

Review of Industrial Engineering market in India (Fiscal 2019 to Fiscal 2024)

Overview

Power transmission is the bulk movement of electrical energy from a generating site, such as a power plant, to an electrical substation. The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. Further, the transmission sector needs concomitant capacity additions, in line with the generation capacity addition to enable seamless flow of power.

A reliable transmission system is important for the proper and efficient transfer of power from generating stations to load centres. A transmission and distribution (T&D) system comprises transmission lines, substations, switching stations, transformers and distribution lines. To ensure reliable supply of power and optimal utilisation of generating capacity, a T&D system is organised in a grid, which interconnects various generating stations and load centres. This ensures uninterrupted power supply to a load centre, even if there is a failure at the local generating station or a maintenance shutdown. In addition, power can be transmitted through an alternate route if a particular section of the transmission line is unavailable.

In India, the T&D system is a three-tier structure comprising distribution networks, state grids and regional grids. The T&D system in India operates at following voltage levels:

Extra high voltage (EHV): 765 kV, 400 kV and 220 kV

High voltage (HV): 132 kV and 66 kV

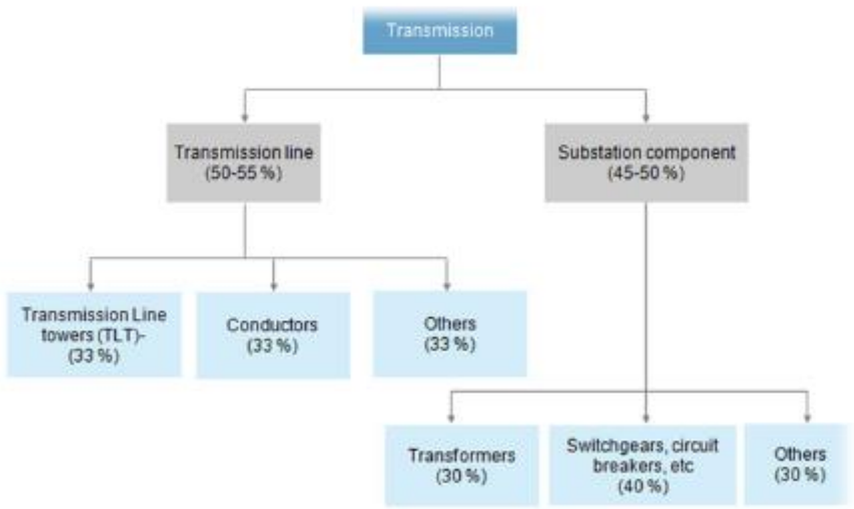
Medium voltage (MV): 33 kV, 11 kV, 6.6 kV and 3.3 kV

Low voltage (LV): 1.1 kV, 220 V and below

Transmission system components

The transmission system can be divided into transmission line component and substation component. Both components account for almost 50% of the total cost of setting up the system. The transmission line component comprises transmission line towers and conductors. The main cost elements of the substation component are transformers and switchgears.

Transmission system components (cost share of different components)



Note: The percentage share of components is only indicative; actual investment incurred may differ from project to project.
Source: CRISIL Consulting

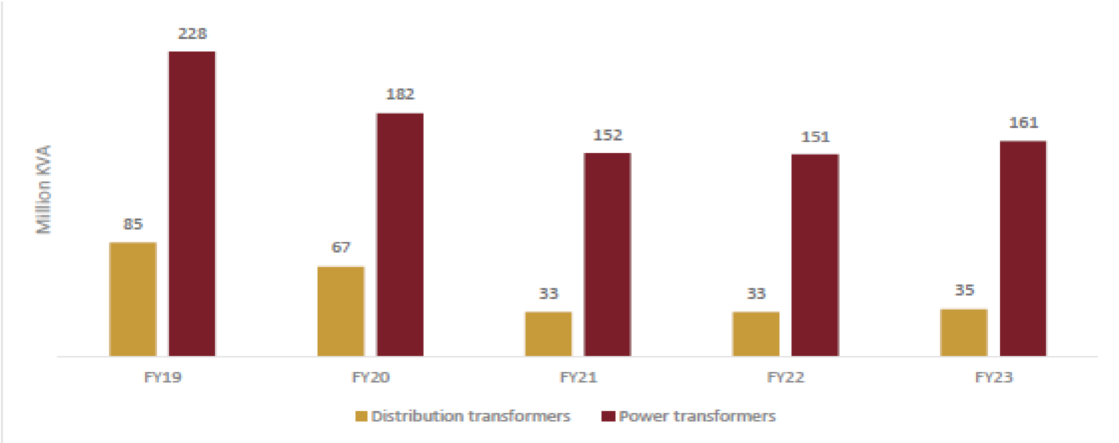
Transformers

Transformer helps in changing the voltage level, while transmitting electrical energy over long distances, to avoid energy loss during transmission and make the required power available to consumers. Step-up transformers are used to increase the voltage, while decreasing the current during transmission, and step-down transformers are used to decrease the voltage while increasing the current, whereas distribution transformers are used to transmit power to the end consumer.

Power transformer

Source: Industry

Production of transformers



Source: Indian Electrical & Electronics Manufacturers Association (IEEMA), CRISIL Consulting

Power transformer market is expected to remain stagnant in Fiscal 2023, although volumes gains are expected in the current Fiscal, an expected drop in realizations stemming from commodity price drop would offset volume gains.

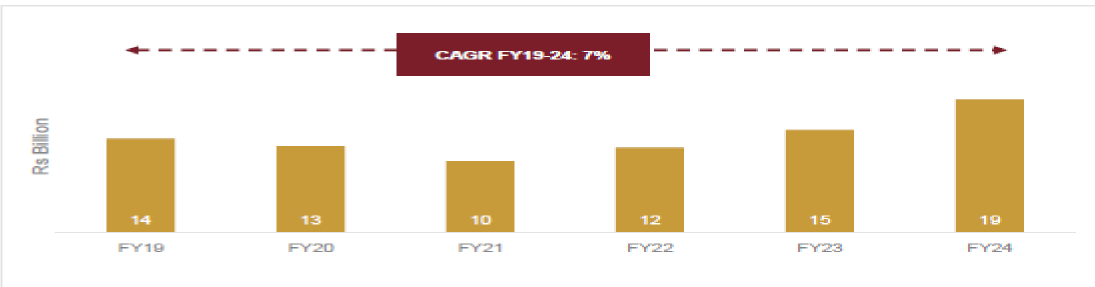
After contracting by 24% and 10% in Fiscal 2020 and 2021 respectively, power transformer market rallied back in Fiscal 2022 by approximately 31%. This growth can be attributed mainly due a similar rally in realizations due to commodity price surge. Realizations for power transformers after contracting by 5% in Fiscal 2020 and increasing by approximately 8% in Fiscal 2021, increased by approximately 33% in Fiscal 2022. The increase in realizations was due to a global spike in copper and cold rolled grain oriented (CRGO) steel, the two most critical raw material components used in power transformers, by 36% and 50% respectively during the Fiscal.

The volumes for power transformers in contrast, despite contracting by 20% and 17% in Fiscal 2020 and 2021 respectively, recorded approximately 0% growth in Fiscal 2022. Lower volumes can be attributed to high commodity prices, leading to low order finalizations. Going ahead, growth in volume is expected to be led by generation capacity addition and its evacuation, especially for renewable energy sources through the Green Energy Corridor (GEC) Phase-II and central government's target to install 27,000 ckm of 220kV and higher voltages by December 2024.

With respect to exports, South Africa, Zambia, Brazil, UK, USA and neighboring countries contributed to approximately 70% of the export market for Fiscal 2023 (April to July 2022), exports have grown approximately 28% in current Fiscal as compared to the same tenure in the previous Fiscal. The export market size is expected to remain between ₹17 to 20 billion in Fiscal 2025, after reaching approximately 16 billion in Fiscal 2022, this growth will be fueled by increasing investments in power transmission and distribution by multilateral institutions.

The market size of the power transformer was ₹19 billion in Fiscal 2024.

Power transformer market logged 7% CAGR between Fiscals 2019 to 2024



Source: CRISIL MI&A Consulting

Switchgear

Switchgear refers to the combination of electrical equipment such as fuses, low- and high-tension circuit breakers, miniature circuit breakers, control panels, and switchboards. However, the main equipment includes fuse switch units and low- and high-tension circuit breakers.

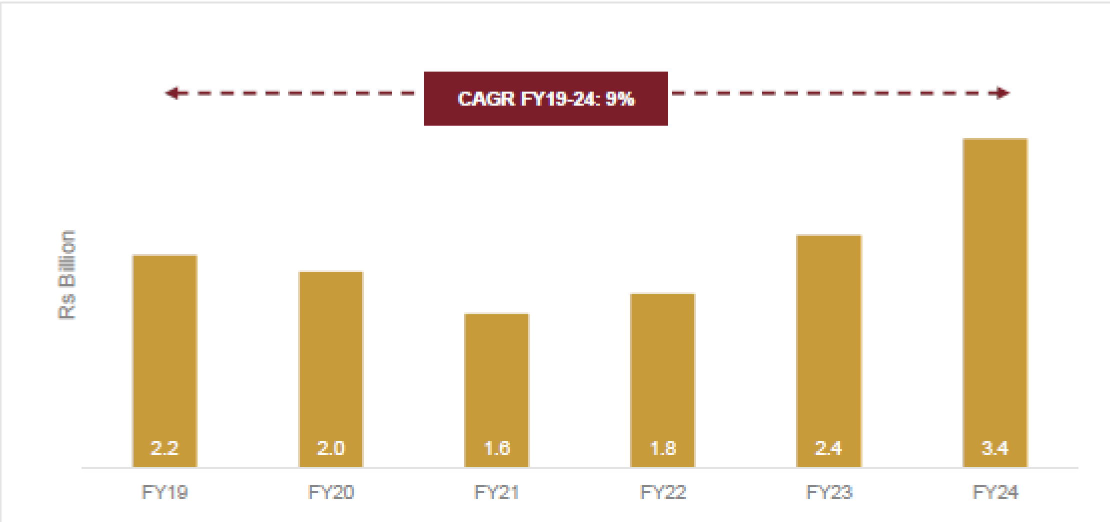
The basic function of switchgear is protection, which is an interruption of short circuit and overload fault current, while maintaining service to unaffected circuits. Switchgear also provides isolation of circuits from power supplies. Switchgear is also used to enhance system availability by allowing more than one source to feed a load.

Circuit breaker is one of the most important components of switchgear, whose function is current interruption. The circuit breaker is designed to 'trip' in the event of an overload or any type of fault or abnormality in the system. The circuit breaker 'senses' the fault through a protection relay and triggers before damage can occur.

Various types of circuit breakers used are oil, air, gas, hybrid, and vacuum. Each type performs essentially the same function, with the key difference being their operating mechanism. For example, an oil circuit breaker uses oil as a dielectric or insulating medium for arc extinction, while an air-based circuit breaker uses compressed air to break the arc.

The market size of the switch gear was ₹3.4 billion in Fiscal 2024.

Switch gear market logged 9% CAGR between Fiscals 2019 to 2024



Source: CRISIL MI&A Consulting

Key players

The aluminium die casting industry has a large number of players. Key players include Rockman Industries, Sunbeam Auto Private, Alicon Castalloy, Sundaram Clayton and Endurance Technologies.

Growth drivers and challenges

Growth drivers

- Robust demand from the automobile segments to drive the casting industry
  - In Fiscal 2025, CRISIL Consulting expects the autocasting industry to grow by 4% to 6% in tonnage terms and 8% to 10% in value terms in Fiscal 2025.
  - The growth in passenger cars and tractors in Fiscal 2025 will aid the growth of the casting industry. Passenger vehicle production is expected to grow by 6% to 8% supported by healthy demand from the domestic market, also due to the signs of recovery in the key export geographies. A 4% to 6% increase in tractor production is expected in Fiscal 2025, following an 11% decrease in Fiscal 2024.

- The anticipated recovery is attributed to the improvement in rural sentiments, as well as the healthy agriculture outputs that are expected due to the normal monsoon forecast.
- CRISIL Consulting expects the Auto-casting industry to witness sharp growth in Fiscal 2024 on account of revival in demand across auto segments owing to recovery in economic activities and pent-up demand in CV and PV segments.
- In volume terms automobile casting demand from OEMs is expected to improve by 2% to 6% in Fiscal 2024 owing to the sustained growth in the automobile verticals including Passenger vehicles, Commercial vehicles and two wheelers. Moreover, in value terms, automobile casting demand from OEMs is expected to increase by 1% to 5% in Fiscal 2024 in line with the volume growth as cooling raw material prices will lead to flat to marginal decline in prices.

• India as an export hub

- Exports to witness a sharp revival led by strong demand from Asian territories, especially Thailand and China.
- Exports in Fiscal 2025 are expected to grow by 4% to 6% as the demand from the key economies improve. In Fiscal 2024 YTD (April to Jan) export value has grown by 8%, however, in volume terms exports have declined by 24% YTD indicating realization-led growth.
- Global original equipment manufacturers (OEMs) are promoting localisation in India due to its cost effectiveness.
- Movements like "Make in India" augur well for the domestic castings industry.

• Light weight

- Focus on lighter vehicles to boost demand for non-ferrous castings.
- In the long run, certain structural factors will also come to the aid of non-ferrous castings manufacturers. Efforts by car and two-wheeler manufacturers to lower vehicle weight have already led to an increase in demand for non-ferrous castings.
- However, a similar shift may not be possible in the case of higher-tonnage vehicles - commercial vehicles and tractors (at least in the near term) - due to considerations such as strength, weight-carrying capacity and criticality of parts. However, as OEMs globally increase the use of aluminum in vehicle bodies, MHCV and tractor makers are likely to shift too, boosting prospects for non-ferrous casting manufacturers.
- Lighter vehicles consume less fuel. Lesser weight helps minimise brake and tyre wear and tear.
- Automakers are trying to reduce vehicular weight by using non-ferrous metals like aluminium to cut carbon emissions.

• Cost competitiveness

- Auto casting industry margins to expand in Fiscal 2025 owing to softening input prices.
- It is expected that the casting industry will experience approximately 50 basis point increase in margins for Fiscal 2025, as input prices are projected to remain stable.
- Fiscal 2024 is expected to witness a margin expansion of approximately 50 bps as the input prices softened.
- Fiscal 2024 is expected to witness margin expansion to approximately 13% to 15% owing to expected softening of input prices.
- The Aluminium and pig iron prices are expected to decrease by 10% to 14% and 16% to 20% in Fiscal 2024.

- Employee cost accounts from 10% to 12% of the total turnover. Lower labour cost helps in reducing the production cost for casting players.

- However, stringent quality norms tend to weigh on the overall cost.

Challenges

- Variation in raw material costs

  - Raw material costs form a major proportion of the total cost (approximately 60%).

  - Price movements in raw materials are determined by international supply and demand dynamics, due to which they fluctuate widely.

  - Moreover, changes in prices of raw materials are passed on to the customer with a lag of one quarter.

  - A slowdown in demand coupled with a significant variation in raw material prices badly affects the bottom-line.

- Threat from low-cost manufacturers abroad

  - The industry faces competition from manufacturers in other countries, viz., Thailand, Bangladesh, China, and other emerging markets.

  - Countries such as China offer faster deliveries and work on lower cost models, attracting international and domestic clients.

  - However, due to in-house R&D, adoption of new processes, and campaigns such as "Make in India," such countries pose low threat to the auto castings players.

- Technological changes

  - The government's thrust on e-vehicles, light weight vehicles will lead to a significant change in auto castings products. For companies to remain relevant, they will need to quickly adapt designs and processes.

  - Shift towards usage of material such as plastics and composites in place of aluminium or iron will also impact castings players.

- EV remain a threat in the long run

  - We expect no significant impact of EVs in Fiscal 2023 as EV sales are expected to be low. However, industry demand growth to reduce by 1% to 2% CAGR in the next five years due to EVs as cylinder heads, cylinder blocks and gear housing will no longer be needed.

  - EV adoption will largely be seen in two and three wheelers and automotive casting demand from these segments will get impacted.

  - Auto casting players will need to move into making newer products like battery and stator housing for EVs to minimize the impact.

Outlook on aluminium castings market in India (Fiscal 2024 – Fiscal 2029)

In Fiscal 2025, CRISIL Consulting expects the autocasting industry to grow by 4% to 6% in tonnage terms and 8% to 10% in value terms in Fiscal 2025. The growth in passenger cars and tractors in Fiscal 2025 will aid the growth of the casting industry. Passenger vehicle production is expected to grow by 6% to 8% supported by healthy demand from the domestic market, also due to the signs of recovery in the key export geographies. A 4% to 6% increase in tractor production is expected in Fiscal 2025, following an 11% decrease in Fiscal 2024. The anticipated recovery is attributed to the improvement in rural sentiments, as well as the healthy agriculture outputs that are expected due to the normal monsoon forecast.

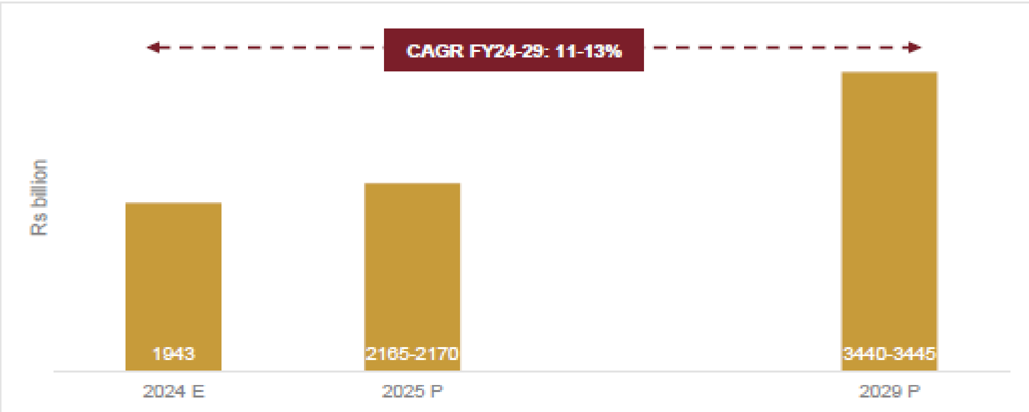
Exports in Fiscal 2025 are expected to grow by 4% to 6% as the demand from the key economies improve. It is expected that the casting industry will experience approximately 50 basis point increase in margins for Fiscal 2025, as input prices are projected to remain stable.

In the long run, certain structural factors will also come to the aid of non-ferrous castings manufacturers. Efforts by car and two-wheeler manufacturers to lower vehicle weight have already led to an increase in demand for non-ferrous castings. However, a similar shift may not be possible in the case of higher-tonnage vehicles - commercial vehicles and tractors (at least in the near term) - due to considerations such as strength, weight-carrying capacity and criticality of parts. However, as OEMs globally increase the use of aluminium in vehicle bodies, MHCV and tractor makers are likely to shift too, boosting prospects for non-ferrous casting manufacturers.

Outlook of automotive powertrain market in India (Fiscal 2024 to Fiscal 2029)

Automotive powertrain industry demand is estimated to clock 11% to 13% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch Rs 3440 to 3445 billion, clocking 11% to 13% CAGR.

Automotive powertrain market expected to grow at a CAGR of 11% to 13% from Fiscals 2024 to 2029



Note: E- Estimated, P- Projected

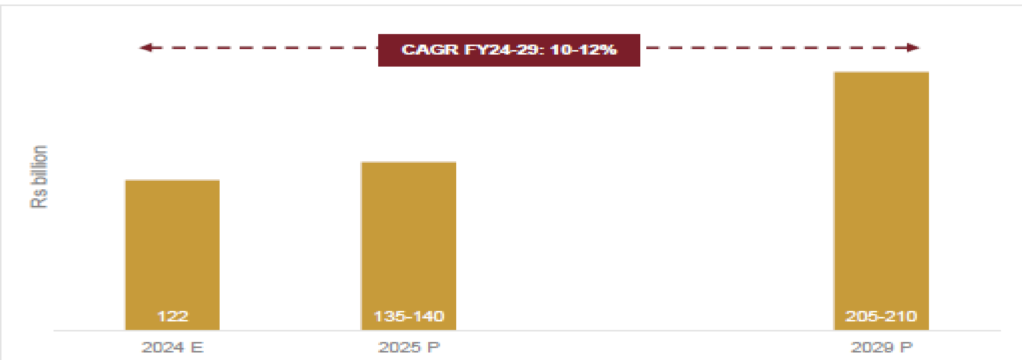
Source: CRISIL MI&A Consulting

Outlook of automotive structural components market in India (Fiscal 2024 to Fiscal 2029)

Cradle:

Automotive cradle industry demand is estimated to clock 10% to 12% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch ₹205 to ₹210 billion, clocking 10% to 12% CAGR.

Automotive cradle market expected to grow at a CAGR of 10% to 12% from Fiscals 2024 to 2029



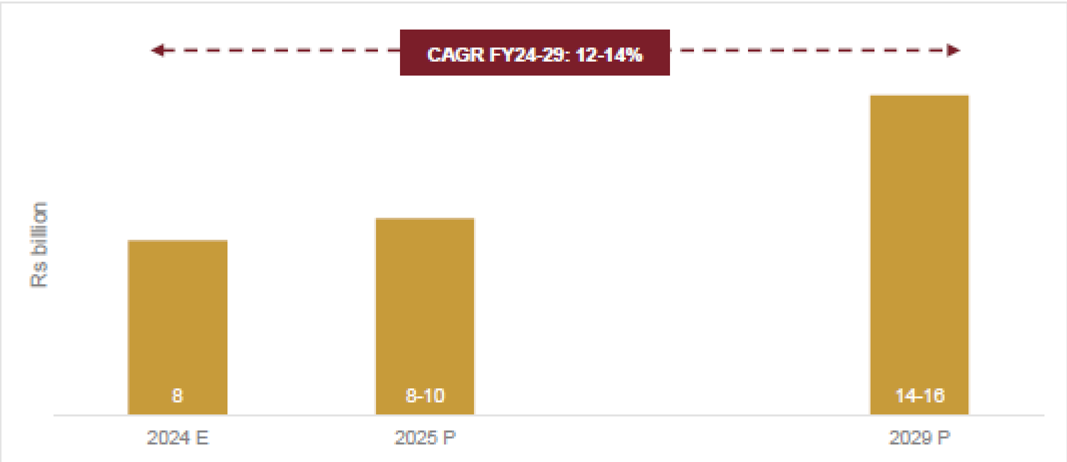
Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

Water pump inlet pipe:

Automotive cradle industry demand is estimated to clock 12% to 14% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch ₹14 to ₹16 billion, clocking 12% to 14% CAGR.

Automotive water pump inlet pipe market expected to grow at a CAGR of 12% to 14% from Fiscals 2024 to 2029



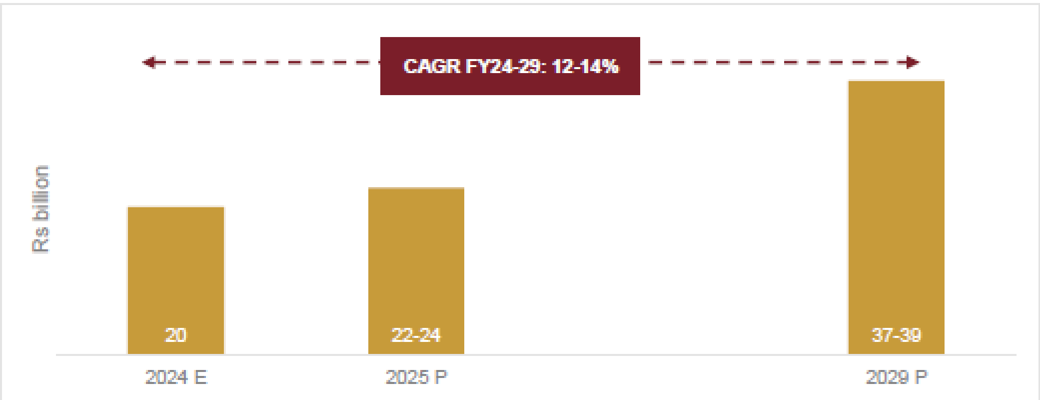
Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

Air intake manifold:

Automotive air intake manifold industry demand is estimated to clock 12% to 14% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch ₹37 to ₹39 billion, clocking 12% to14% CAGR.

Automotive air intake manifold market expected to grow at a CAGR of 12% to 14% from Fiscals 2024 to 2029



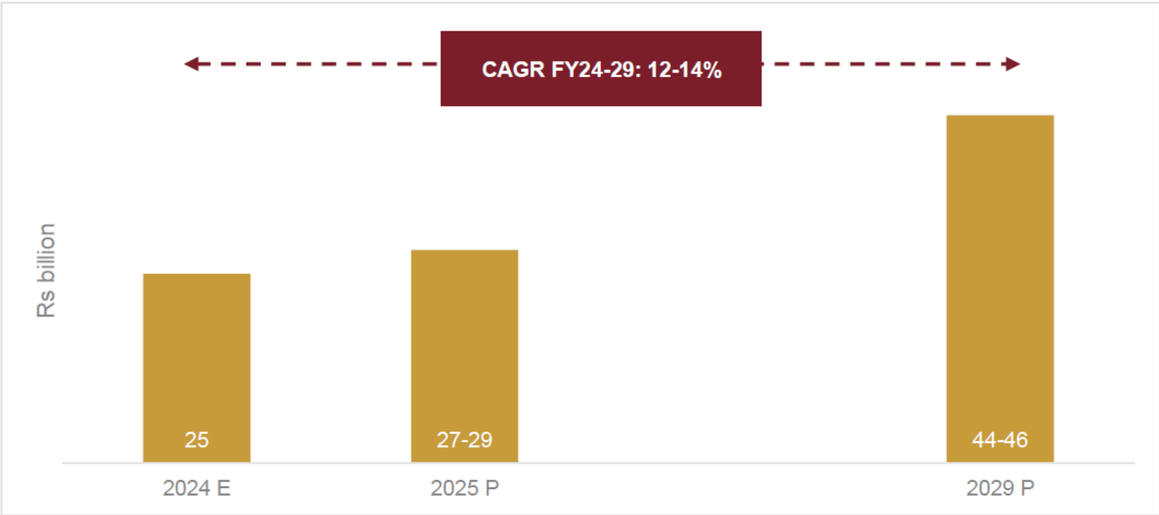
Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

Camcover & oil filter housing:

Automotive camcover & oil filter housing industry demand is estimated to clock 12% to 14% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch ₹44 to ₹46 billion, clocking 12% to 14% CAGR.

Automotive camcover & oil filter housing market expected to grow at a CAGR of 12% to 14% from Fiscals 2024 to 2029



Note: E- Estimated, P- Projected

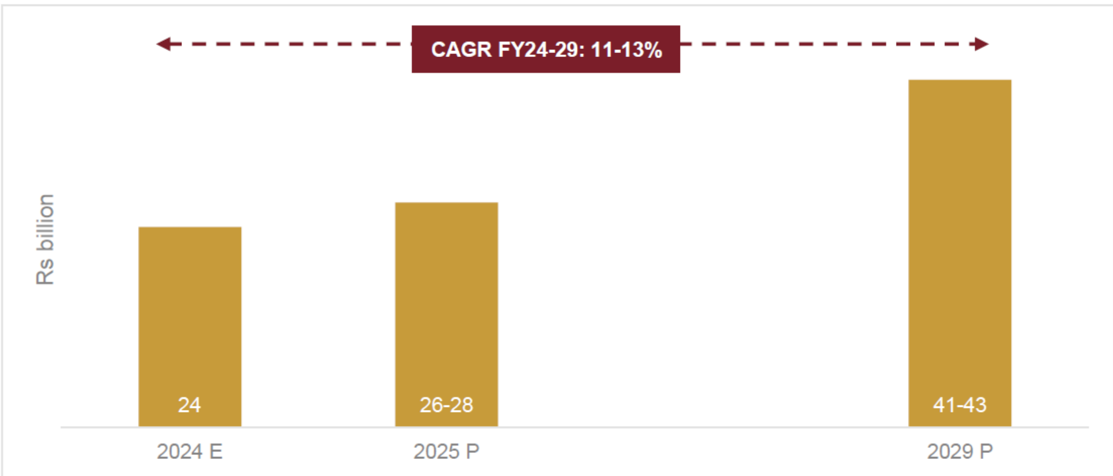
Source: CRISIL MI&A Consulting

Outlook of E-Vehicle components market in India (Fiscal 2024 to Fiscal 2029)

Battery housing:

Automotive battery housing industry demand is estimated to clock 11% to 13% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch ₹41 to ₹43 billion, clocking 11% to 13% CAGR.

Automotive battery housing market expected to grow at a CAGR of 11% to 13% from Fiscals 2024 to 2029



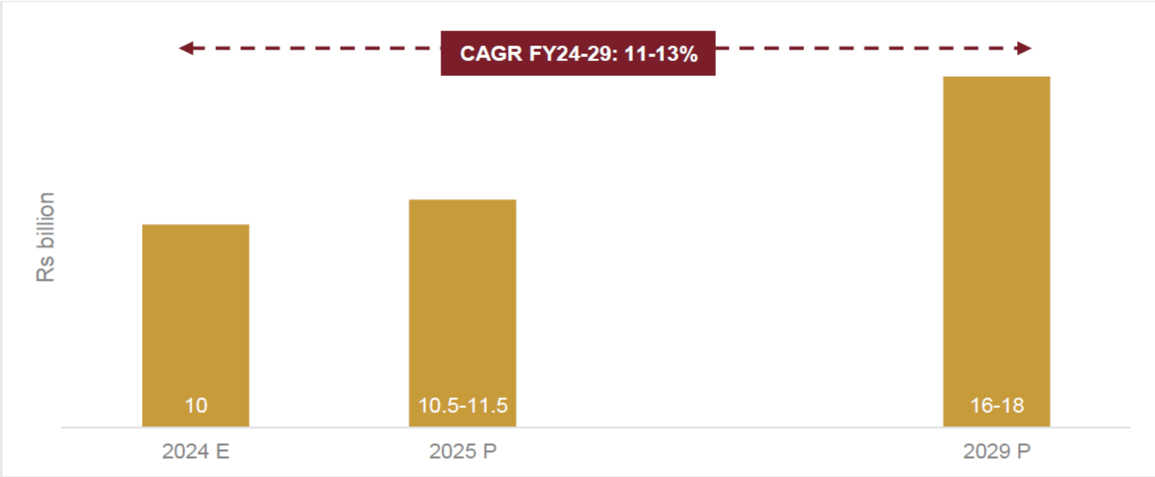
Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

Motor housing:

Automotive motor housing industry demand is estimated to clock 11% to 13% CAGR during Fiscal 2024 to 2029 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. In value terms, the market is expected to touch ₹16 to ₹18 billion, clocking 11% to 13% CAGR.

Automotive motor housing market expected to grow at a CAGR of 11% to 13% from Fiscals 2024 to 2029



Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

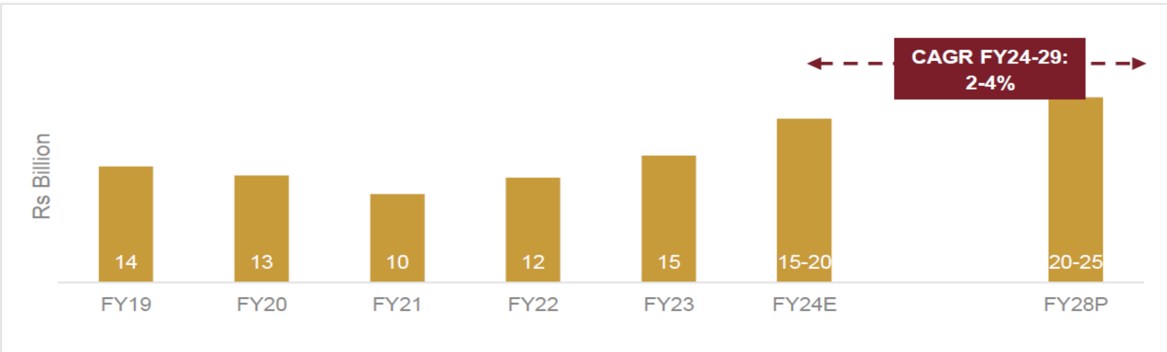
Outlook of industrial engineering market in India (Fiscal 2024 to Fiscal 2029)

Outlook of aluminium casting in power transmission

Housing of transformer core, circuit breakers of switchgears and casings of GIS substation are casted using ferrous and non-ferrous material. Aluminium casted housing is preferred in GIS, due to its non-corrosive and light-weight properties.

Demand for industrial castings from the power transmission sector is driven by investments of the Central and state government transmission companies and, to a smaller extent, from the private sector for the medium-voltage segment. In the power-transmission segment, switchgears are expected to account for the major share of casting demand. Demand for industrial castings used in power transmission expected to grow at 2% to 4% CAGR over Fiscals 2024 to 2028 to ₹22 billion.

Aluminium casting in power transmission expected to grow at a CAGR of 2% to 4% from Fiscals 2024 to 2028



Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

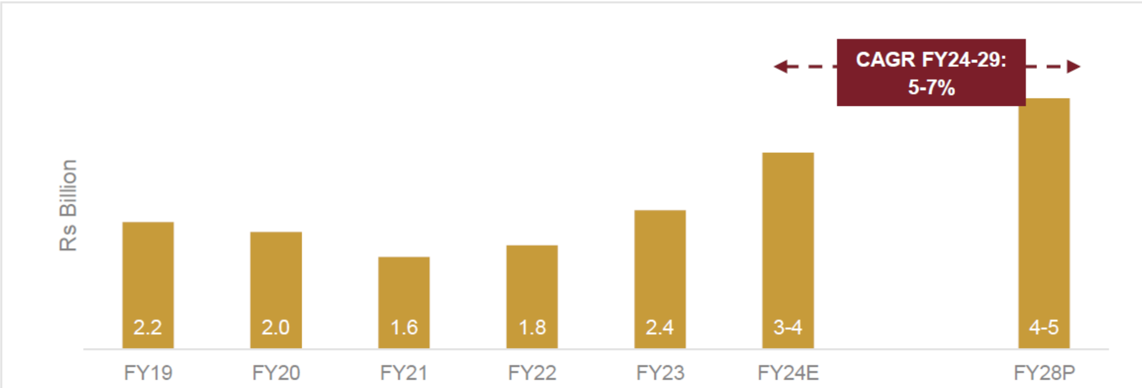
Outlook of casting for gas-insulated switchgears

Currently around 20% to 25% of the transmission substation switchgears are gas-insulated. The share of GIS switchgears is expected to rise further to approximately 30% by Fiscal 2024. Although GIS equipment are costlier than AIS equipment, considering the overall life-cycle costs, including running and maintenance costs, GIS equipment are less expensive than the alternatives. Moreover, these GIS switchgears offer much superior performance.

With the rapidly increasing urbanisation, rising per-capita power consumption and growing space constraints, GIS switchgears would be the preferred option due to their compact size. Additionally, a rise in the contribution of renewable energy in power consumption will provide an additional kicker to growing GIS demand.

Demand for GIS based castings is expected to accelerate at a 5% to 7% CAGR to ₹4 to ₹5 billion by Fiscal 2028. Demand for GIS in volume terms will be higher in the MV segment, driven by the private sector, while high-value GIS substations in the HV and EHV segments will be driven by the Central and state government transmission companies.

Casting for gas-insulated switchgears expected to grow at a CAGR of 5% to 7% from Fiscals 2024 to 2028



Note: E- Estimated, P- Projected

Source: CRISIL MI&A Consulting

Review and outlook on Ferrous casting in select Industries in India

Industry overview of Ferrous Casting

Ferrous casting is a metalworking process that involves pouring molten iron alloys into a mold, where it solidifies and takes the shape of the cavity. The process involves creating components from iron-based alloys. Ferrous metals, by definition, contain iron as a main component. Castings sizes range from a few grams to several kilograms, depending on their functional applications. The desired dimensional accuracy and surface finish of castings can be achieved by the choice of process, its control and subsequent machining.

Cast iron and steel are the most common ferrous metals used in casting due to their desirable properties and affordability. This technique is fundamental to a wide range of industries, including automotive, construction, machinery, and energy, due to the strength, durability, and versatility of ferrous materials.

Some of the common types of casting –

1. Gray Cast Iron: It is the most common type of casting known for its excellent machinability, good wear resistance, and high vibration damping capacity. It is commonly used in engine blocks, machinery bases, and pipe fittings.

2. Ductile (Nodular) Iron: It has superior tensile strength and impact resistance compared to gray cast iron. Applications include crankshafts, gears, and heavy-duty machinery components.

3. Malleable Iron: It is formed by heat-treating white cast iron, resulting in a material that combines the toughness of steel with the ease of casting of iron. It is used for small castings requiring good tensile strength and ductility, such as brackets and levers. It helps in developing complex shapes.

4. Cast Steel: Offers superior strength and ductility compared to cast iron. It is used for components requiring high mechanical strength, such as gears, machinery parts, and structural components.

Domestic iron ore prices to drop on year in Fiscal 2025.

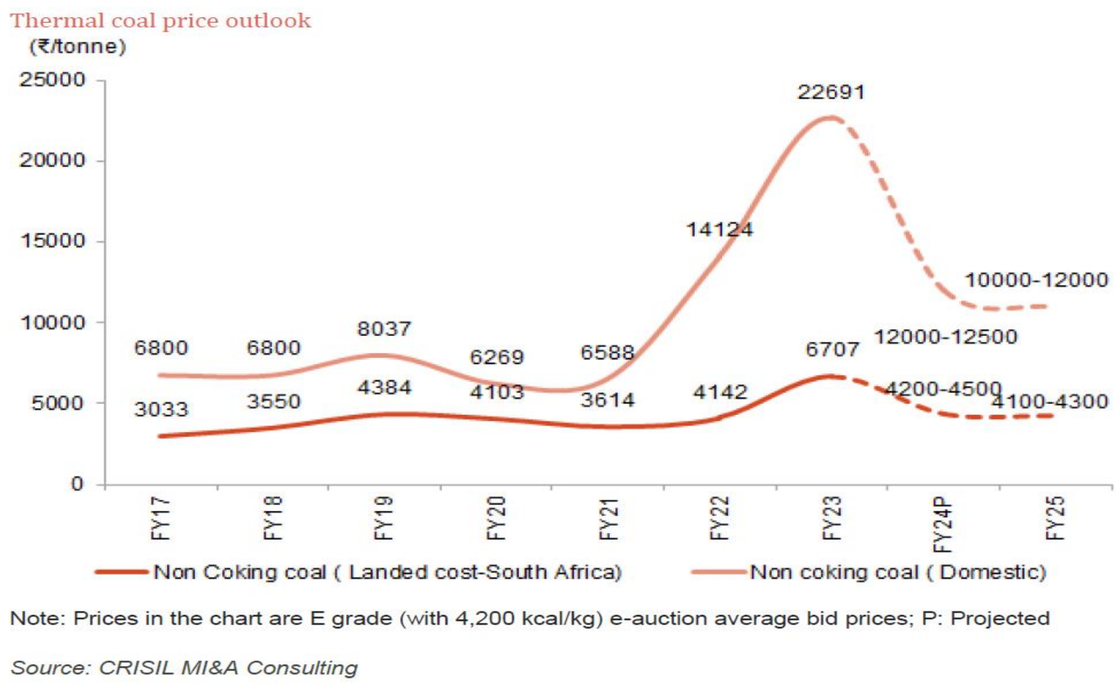
In Fiscal 2024, iron-ore prices are expected to have increased on low base and touched ₹4425 per tonne, a rise of 9% on year.

Source: CRISIL MI&A Consulting

Non-coking coal price slashed by almost 35% in Fiscal 2024 on improved supply and weak global prices

In Fiscal 2024, thermal coal prices dropped by 35% on year to ₹4,200 to ₹4,500 per tonne with improved domestic supply (12% increase in supply by Coal India Limited, the largest coal miner in India). This resulted in drop in sponge iron prices in Fiscal 2024. Also, fall in global thermal coal prices (Australian) from USD346 per tonne in Calendar Year 2022 to USD174 per tonne supported domestic thermal coal price drops.

In Fiscal 2025, coal prices are expected to inch down further to ₹4,100 to ₹4,400 per tonne. Global prices are to come down further to USD130 to USD150 per tonne with muted demand across countries. Supply is anticipated to improve further in Fiscal 2025 supporting price corrections.



Review of ferrous casting for end-user segments

Review and outlook of ferrous casting for Diesel Generators

Diesel Generator

The diesel generators rely on durable, high-performance components that can withstand the rigors of operation, including high temperatures, pressures, and mechanical stresses. The use of ferrous materials, primarily cast iron and cast steel, helps in ensuring the reliability and longevity of these power units.

In diesel generators, the casting iron is used in engine blocks, cylinder heads, crankshafts, pistons and connecting rods, gears and bearings.

Ferrous casting provides the necessary strength, durability, and performance required for reliable operation. It helps in absorbing vibrations which smooth out engine operation and reduce noise levels and it can withstand the high temperatures generated during diesel combustion without significant distortion.

The key end markets for 15 to 75kva DG sets are Telecom, Hospitality, Commercial complex and for 75 375kva DG sets are Real Estate, Large Industries, and key markets for DG sets greater than 375 kva are large industries, IT/ITES.

The Indian diesel genset market is a well-organized and highly competitive space. The market can be broadly divided into three segments, namely the small diesel gensets (15 to 75 kVA), medium diesel gensets (75 to 375 kVA), and large diesel gensets (375.1 to 2000 kVA).

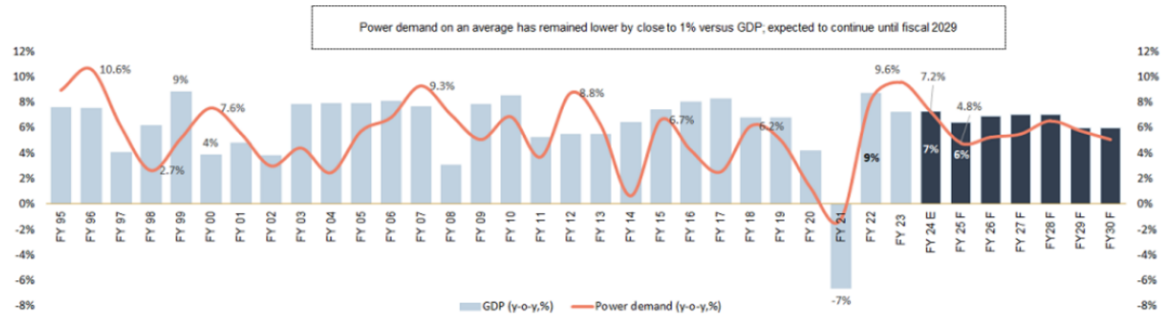
Growth drivers for Diesel Generators segment

Power demand to increase by 5% to 7% CAGR over Fiscals 2024 to 2029

Power demand has its fortunes closely linked to GDP growth where historically power consumption largely follows economic cycles. Power demand growth has historically lagged GDP growth by 1 to 2 percentage points but has bucked the trend in Fiscals 2021, 2022 and 2023. CRISIL MI&A Research expects power demand to increase by 7 to 7.5% on a high base of 9.6% recorded in Fiscal 2023. In absolute terms, power demand is expected to surge to 1,620 to 1,630 BU vis a vis 1,512 BU in Fiscal 2023. Along with seasonal vagaries, GDP is expected to grow at 7.3% in Fiscal 2024 supporting power demand despite a higher base of 7.2% in Fiscal 2023. Despite the high base of proceeding three years, CRISIL MI&A Research expects power demand to grow by 4.5 to 5.5% in Fiscal 2025 to 1,695 to 1,705 BUs which will be supported by economic activity, infrastructure spending by government along with warmer temperatures driven by climate change.

This is going to be further helped by major reforms initiated by the central government for improving the overall health of the power sector, particularly that of state distribution utilities. Therefore, power demand is expected to grow at a healthy CAGR of 5% to 7% between Fiscals 2023 to 2029 with the growth trajectory sustaining above long term historical growth rate of 5% over the next five years.

Power demand fortunes closely linked to GDP growth, demand to remain above 25-year average GDP growth



Source: CRISIL MI&A Consulting

Industrial production and capacity building

The government's focus on increased infrastructure spending, especially on roads, metro rail and railways has helped in increase in demand. The revival in other key end markets Commercial (IT/ITES, Data Centers, Hotels, Hospitals, Educational Institutions), and Manufacturing (Pharmaceuticals, Automotive) has also helped in driving the growth. There has been an increase in demand for reliable power supply in industrial and urban areas. The genset demand is driven by higher capacity building/capex in the economy which in turn triggers a demand for backup power.

Telecom Towers

Wireless subscribers to rise steadily with increased digital transformation and affordable devices

India's mobile economy has been driven by widespread adoption, with wireless subscriptions representing 97 percent of telephone use. In Fiscal 2023, with the launch of 5G, the wireless subscriber base saw a modest increase of 0.17%, reaching 1144 million. The slower growth was due to the full impact of the tariff hikes implemented by telecom service providers in Fiscal 2022.

In Fiscal 2024, CRISIL expects a 1% to 2% growth in the subscriber base, driven by economic internet rates, expanded network coverage and the rising demand for connectivity. Additionally, progress in 5G technology and innovative services are likely to contribute to the growth in subscriber base, making a step towards digital transformation.

Moving into Fiscal 2025, CRISIL Research expects a consistent growth rate of 1% to 2% driven by sustained demand for internet services, leading to increased sim card purchases. Also, telecom providers implementing premium pricing for 5G services and the expectation of further tariff hikes by industry players will maintain the steady expansion in the subscriber base which will result in the addition of telecom towers.

Real Estate – Residential and Commercial

The IT/ITeS sector continues to be the largest driver of office space in India and The potential demand for office space is increasing due to shortage of good quality office space in prime locations of cities such as Mumbai, Bengaluru, Pune and Chennai.

Datacentres

A datacentre or data centre is a building, a dedicated space within a building, or a group of buildings used to house computer systems and associated components, such as telecommunications and storage systems. Diesel generators are a crucial component of data center infrastructure providing a reliable source of backup power in case of main power failures to ensure that data centers remain operational.

A datacentre requires higher electricity, and every datacentre includes backup power supplies in the form of DG sets.

Challenges for growth of Diesel Generators segment

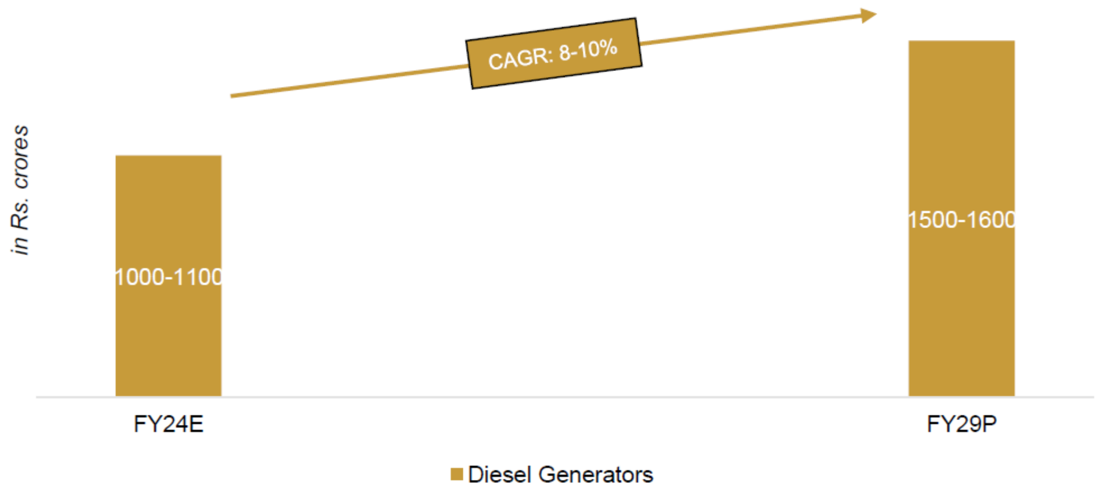
- Rising fuel costs: The usage of DG sets to generate power is expensive. While the cost of power produced by renewable sources is around ₹3 per unit and the cost of power produced by using coal is around ₹4 per unit, the cost of power produced by using DG sets is expensive. The fluctuations in fuel prices can significantly impact the operating costs.

- Environmental Regulations: Governments are implementing stricter regulations to curb air pollution, which could restrict the use of diesel generators.

- Growth of Renewable Energy: Shift to electric power generation assets from diesel assets could trigger a competitive environment with global battery technology heavyweights. The increasing affordability and accessibility of renewable energy sources like solar and wind power pose a long-term challenge.

- Weak demand from key end markets – Industrial/Manufacturing, Real Estate and Infrastructure, and collapse in demand from telecom towers.

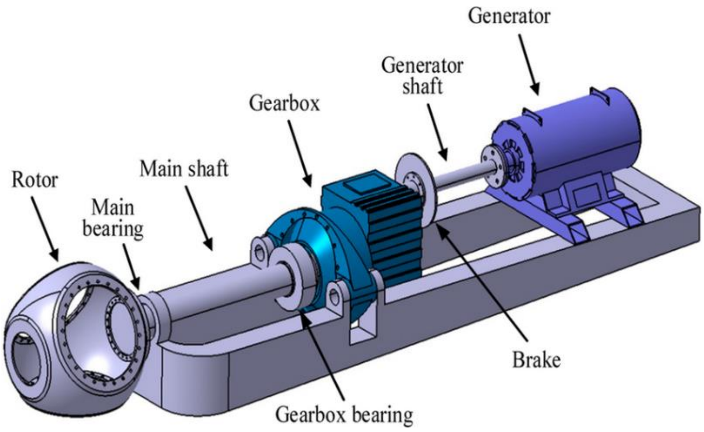
Review and Outlook for Ferrous Casting market for Diesel Generators



Source: CRISIL MI&A Consulting

Review and outlook of ferrous casting for Wind Energy

Components of Wind Turbine



Wind turbines, which convert kinetic energy from wind into electrical power, require robust and durable components to ensure reliable operation and longevity. Ferrous materials, primarily cast iron and cast steel, are widely used in manufacturing these critical parts due to their superior mechanical properties.

In wind turbines, the casting iron is used in rotor hubs, main shafts, gearboxes, base frames and housings, bearing housings.

Ferrous castings offer the necessary strength and fatigue resistance to withstand significant wind loads over a long lifespan. Casting allows for the creation of intricate shapes essential for wind turbine components, such as turbine hubs and bedplates. Ferrous casting is integral to the wind energy sector, providing the necessary strength, durability, and performance required for wind turbine components.

Growth Drivers for Wind Energy segment

Capacity addition expected at 22 to 24 GW over Fiscals 2025 to 2029

In Fiscal 2024, capacity additions stood at approximately 3,253 MW, compared to 2,275 MW added in Fiscal 2023. The commissioning during Fiscal 2024, was concentrated in Gujarat, Tamil Nadu and Karnataka. This comes on the back of commissioning under several schemes which have been pending for execution, such as SECI Tranche V, SECI Tranche VI, SECI Tranche VII, SECI Tranche VIII and SECI Tranche IX. The average monthly addition in Fiscal 2024 was 271 MW, 43% higher than Fiscal 2023. This was on account of execution of the pent up pipeline, as delays in execution previously spilled into Fiscal 2024.

Capacity additions in Fiscal 2024 were approximately 1.42 times compared to that of Fiscal 2023, where the execution rate had already seen an upward movement compared to Fiscal 2022. Additions had declined approximately 26% year-on-year in Fiscal 2022, primarily owing to a surge in commodity prices which impacted project costs and viability. This was coupled with continued challenges in acquiring sites in key windy regions along with associated connectivity, causing further delays. New installations in Fiscal 2022 stood at 1,111 MW, a 26% decline compared to the year before that, which had seen an addition of 1,504 MW.

Number of towers to grow at 5% to 7% in Fiscal 2025 and Fiscal 2026, driven by necessity for new infrastructure to enhance connectivity

Telecom service providers are expanding their services, acquiring new customers which may require additional infrastructure. Telecom companies are expanding their network coverage on rural side, requiring installation of additional towers. Rapid urbanization leads to higher population density in cities, requiring more towers to handle the increased communication traffic. To improve connectivity and reduce network congestion, it is expected to deploy more towers to distribute the load evenly across the network. Hence, the number of towers is estimated to grow 5% to 6% in Fiscal 2024 and 5% to 7% in Fiscal 2025 and Fiscal 2026 driven by increase in demand for base transceiver stations.

Clean energy and Government incentives

The global push towards reducing carbon footprints and combating climate change is driving the demand for clean and renewable energy sources. The Government Incentives like Subsidies, tax benefits, and favorable policies are offered by governments for renewable energy projectsz.

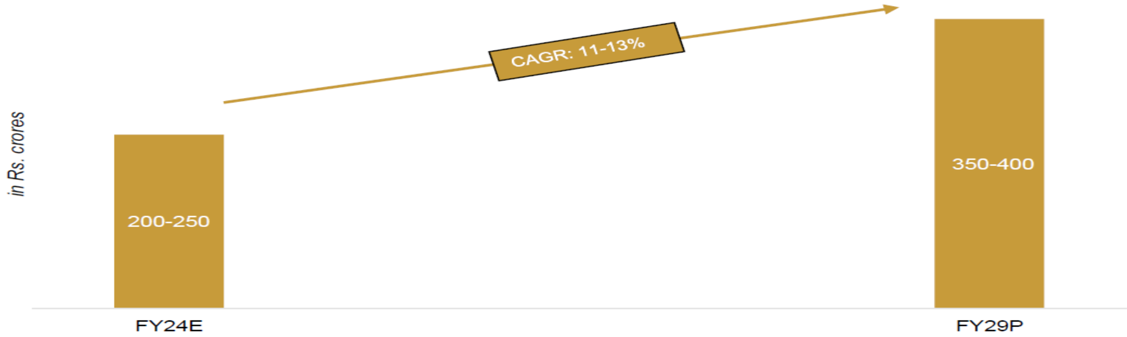
Challenges in Wind Energy segment

1. High Initial Investment: Significant capital is required for setting up wind farms which can be an issue

2. Intermittency of Wind: Wind is a variable resource, and wind turbines cannot generate power consistently.

3. Environmental Impact: While generally considered clean, wind farms can have some environmental impacts, there can be concerns over wildlife impact

Review and Outlook for Ferrous castings market for Windmills segment



Source: CRISIL MI&A Consulting

Review and outlook of ferrous casting for Capital Goods segment

Capital goods, which are durable goods used in the production of other goods or services. Capital goods include machinery, equipment, and tools used in production processes, require robust and reliable components. Ferrous materials, primarily cast iron and cast steel, offer the strength, durability, and performance needed for these heavy-duty applications.

Capital Goods industry is one of the most important prerequisites for manufacturing sector competitiveness and growth. Capital goods industry contributes to the economy both by supporting national security programmes and generating large scale of employment. It provides employment to more than 1.4 million people.

Sub-sectors
Machine tools
Textile Machinery
Earthmoving & Mining Machinery
Heavy Electrical Equipment
Plastic Machinery
Process Plant equipment
Dies, Moulds & Press Tools
Printing Machinery
Metallurgical Machinery
Food Processing Machinery

Capital Goods industry broadly consists of five segments viz. Electrical equipment, Process plant equipment, Earth moving, Construction & mining machinery, Machine tools, and Textile machinery. Process plant equipment and Electrical equipment segments have been the engines of growth of the global capital goods industry.

In Capital goods, the casting iron is used in machinery bases, frames gears, gearboxes pumps, and valves construction, equipment mining, and earthmoving equipment.

Ferrous castings provide exceptional strength and durability, essential for heavy-duty applications in capital goods. It offers necessary strength, wear resistance, and dimensional stability to function reliably for extended periods.

Growth drivers for Capital Goods Segment

Construction equipment volumes in Fiscal 2024 expected to reach all time high; growth to moderate in Fiscal 2025

Rise in construction equipment (CE) volumes as well as prices to aid growth in Fiscal 2024

Construction investments to grow at 6% to 8% CAGR between Fiscals 2024 and 2028

Challenges for Capital Goods:

Economic Fluctuations: Capital goods purchases are often sensitive to economic cycles.

Global Trade Issues: Trade wars, tariffs, and other international trade disputes can disrupt supply chains and raise costs for capital goods manufacturers and there can be risks associated with global supply chain disruptions

Technological advancements: Keeping pace with rapid technological advancements which leads to shorter product lifecycles can be challenging for capital goods manufacturers who need to invest in research and development to stay competitive

Review and outlook for Ferrous castings market for Capital Goods segment

Source: CRISIL MI&A Consulting

Key players in ferrous casting

Diverse offerings within ferrous and non-ferrous segments

Company	Major Products
Kirloskar Ferrous Industries Ltd.	Cylinder blocks, cylinder heads, housing
Nelcast Ltd.	Wheel hubs, brake drums, differential carrier and axle housing, cylinder blocks, flywheels
Rico Auto Industries Ltd.	Oil pumps assembly, fuel system parts, exhaust manifolds, front covers

- Kirloskar Ferrous and Nelcast Ltd make ferrous castings, whereas Alicon Castalloy and Sundaram Clayton are into non-ferrous castings. Rico Auto manufactures both.

- Ferrous players mainly supply to tractors and commercial vehicles whereas non-ferrous players supply to passenger vehicles and two-wheelers.

- Products which are casted and machined yield higher value as compared with products which are only casted, since the amount of value addition in the former is higher. This separates the top players from the remaining smaller players.

Other players in the segment are A Cast Foundry, Aditya Birla Management Corp. Pvt. Ltd., JSW STEEL Ltd., Larsen and Toubro Ltd., Brakes India Pvt. Ltd., Ashok Iron Works Pvt. Ltd., Menon and Menod Ltd., Nelcast Ltd., Tata Sons Pvt. Ltd., CALMET, Cooper Corp. Pvt. Ltd., Electrosteel Castings Ltd., Fortune Foundries Pvt. Ltd., Gujarat Metal Cast Industries Pvt. Ltd., etc.

Review and outlook for select segments of the Industrial goods and Engineering industry in India

Material Handling Equipment: Cranes

Introduction

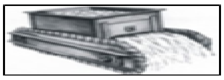
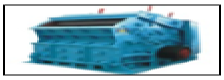
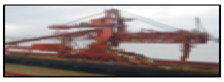
Material handling equipment ("**MHE**") are machines that enable movement and storage of materials within a facility or site. Based on the weight of the materials carried, MHE can be classified as:

- Unit load – Handle materials packed into a compact unit for movement and storage ease (for e.g., forklifts, cranes used to store units of materials)

- Bulk – Transport loose bulk materials such as iron ore, coal and cereals

MHE include equipment such as feeders, conveyor belts, screens, crushers and gears, etc., used for sorting, moving or positioning materials.

Types of MHE

Equipment		Usage
Conveyors		Conveyors are used to convey material on a fixed path within a plant. They are used in a wide range of manufacturing industries and the material used to make these conveyors can range from rubber to metals depending upon the application.
Stackers/ Reclaimers		Stackers are used to stock pile raw materials and goods in a plant or warehouse. Reclaimers are used to recover bulk material such as ores and cereals from a stockpile.
Feeders		Feeders are used to feed material on to belt conveyors at a regulated rate.
Trippers		Trippers are used for discharging material sideways from a belt conveyor.
Crushers		Crushers are used for reducing the size of the raw material to a required size.
Screens		Screens are used for separating material on the basis of size.
Ship loader and Ship unloader	 	Ship loaders and unloaders are used for loading and unloading vessels continuously with bulk material.
Wagon tipplers		Wagon tipplers are used to unload material from rail wagons.

Source: CRISIL MI&A Consulting

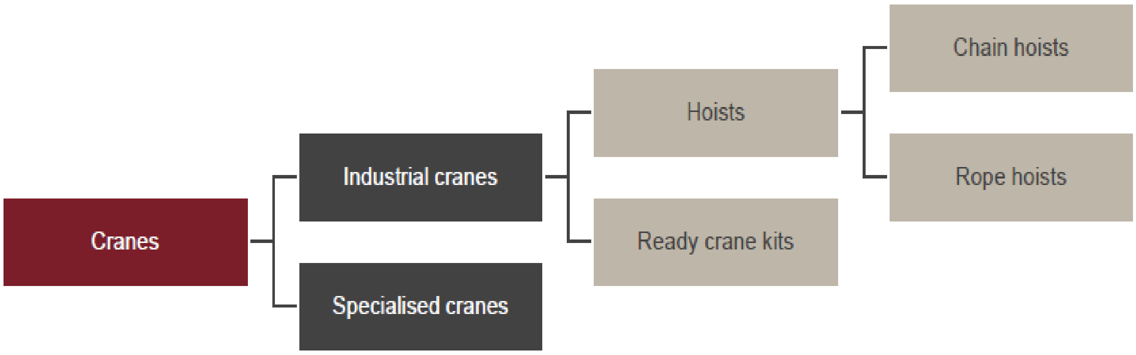
Industry structure - cranes (and hoists)

A crane is a large machine used to move, lift and lower objects through a projected arm. Cranes are generally equipped with chain hoists, wires, ropes, beams, etc., for material handling requirement. Industrial cranes, which are used in general material handling and manufacturing, comprise overhead (including electric) and mobile cranes.

Industrial cranes can be used for various purposes and provide cost economies in material handling. Some of the typical uses include: heaping, loading-unloading, shifting, repositioning and erecting material. Other large cranes, such as rough terrain, crawler, and tower cranes, are used in heavy duty work.

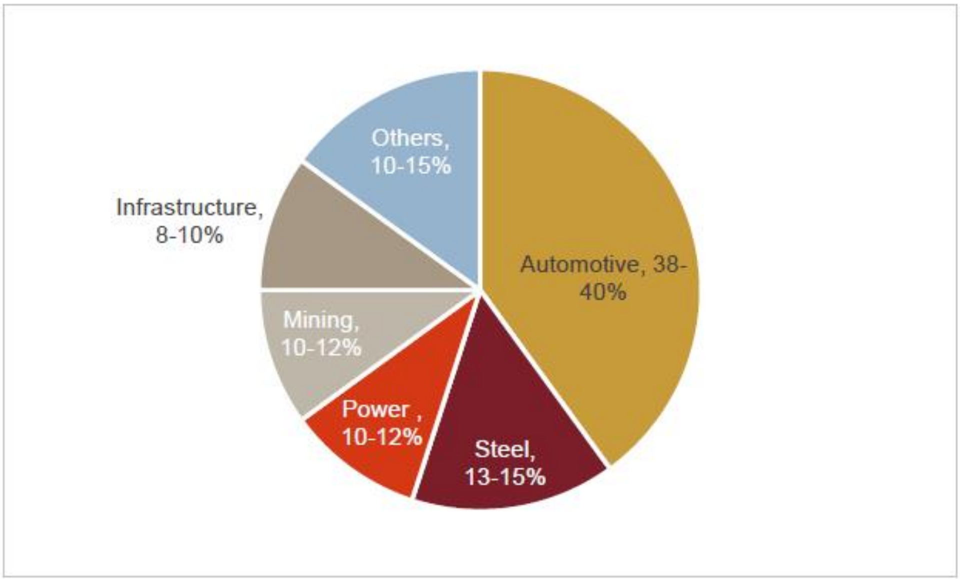
A hoist is a critical component of cranes, which enables handling of freely suspended objects. Typically, cranes are installed with a hoist depending upon the load requirements. A few industrial cranes are also installed with two hoists (less than 5%), to enable broader load ranges. Regular hoists that are fitted to industrial cranes are classified into chain hoists, which have lower load range (up to approximately 3 tonne), and rope hoists, which can handle heavier loads. These hoists comprise more than 80% share of the industrial cranes market.

Classification of cranes (and hoists) industry



Source: CRISIL MI&A Consulting

End user segment wise crane usage



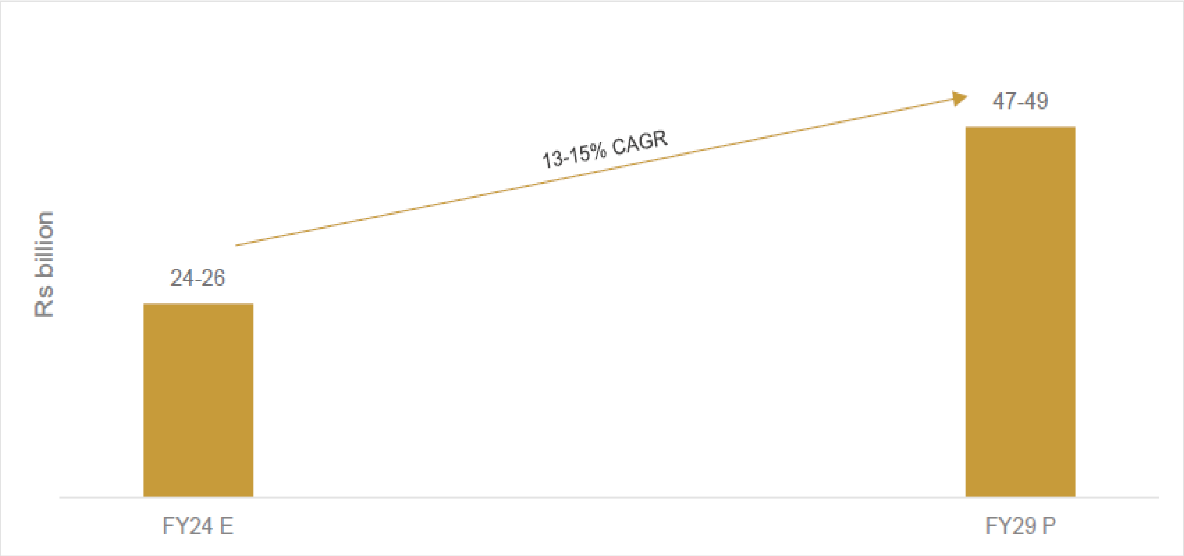
Source: CRISIL MI&A Consulting

Market size

Industrial cranes are sold by crane makers who buy crane parts such hoist, wheel blocks, LT panels, etc. separately, assemble them to form a complete structure and sell. Hoists cost 30% to 40% of the overall crane pricing. They are sold through dealers, which include crane makers, annual maintenance contract /replacement dealers. The life of a hoist is 3 to 5 years, after which it is generally replaced by the end users. This is facilitated by hoist dealers. Some 30% to 35% of annual sales of hoists is on account of replacement demand, while the rest is for manufacturing of new cranes.

According to CRISIL estimates, the hoist market in India was ₹24 to ₹26 billion as of Fiscal 2024. Among hoists, chain hoists account for approximately ₹6 to ₹7 billion (one-fourth, in value terms), while rope hoists account for approximately ₹18 to ₹19 billion (three-fourths). Unit-wise requirement of chain hoists is higher as they have a lower replacement cycle (3 to 5 years), compared with rope hoists (and ready crane kits), which are usually replaced after 5 to 7 years.

Market for cranes (and hoists)



E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

Going ahead, with an expected improvement in the economy, as well as gradual demand improvement in underlying segments, we expect the industry to reach ₹47 to ₹49 billion by Fiscal 2029, growing at a compound annual growth rate (CAGR) of 13% to 15% between Fiscals 2024 and 2029. This growth is expected to be fuelled by continued investments in the end user segments, and in turn, capacity expansion by players to cater to the sustained demand growth in the underlying industries.

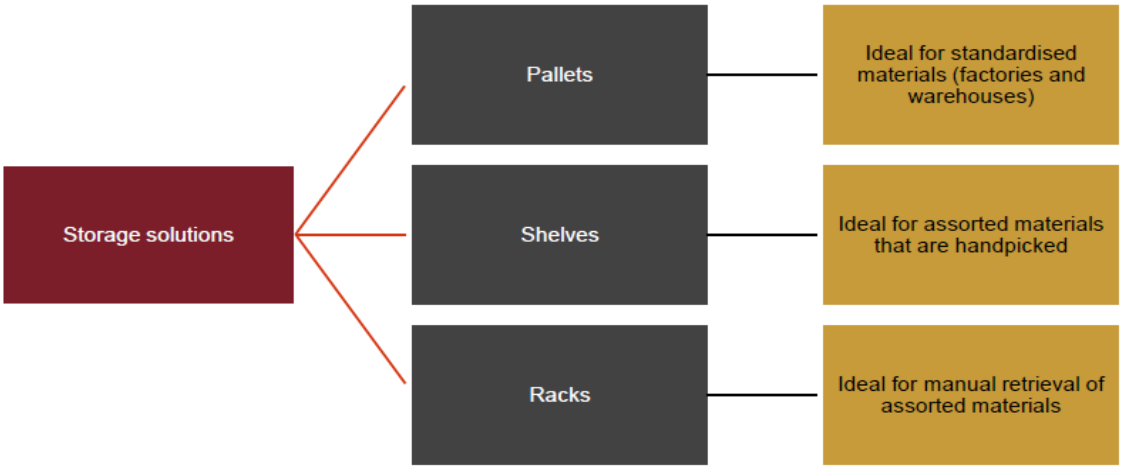
Storage solutions largely focusing on racks, shelves and pallets used in the warehousing industry

Introduction

The storage solutions industry broadly comprises pallets, racking solutions and shelving solutions.

Shelving solutions are ideal for storage of assorted materials that are handpicked. Palletised racking solutions are ideal wherein huge volumes of standard-type products are produced, stored, retrieved and distributed in and out of manufacturing units or warehouses. On the other hand, slotted angle racking, multi-tier racking systems, etc, are suitable for manual retrieval of assorted materials.

Storage solutions industry



Source: CRISIL MI&A Consulting

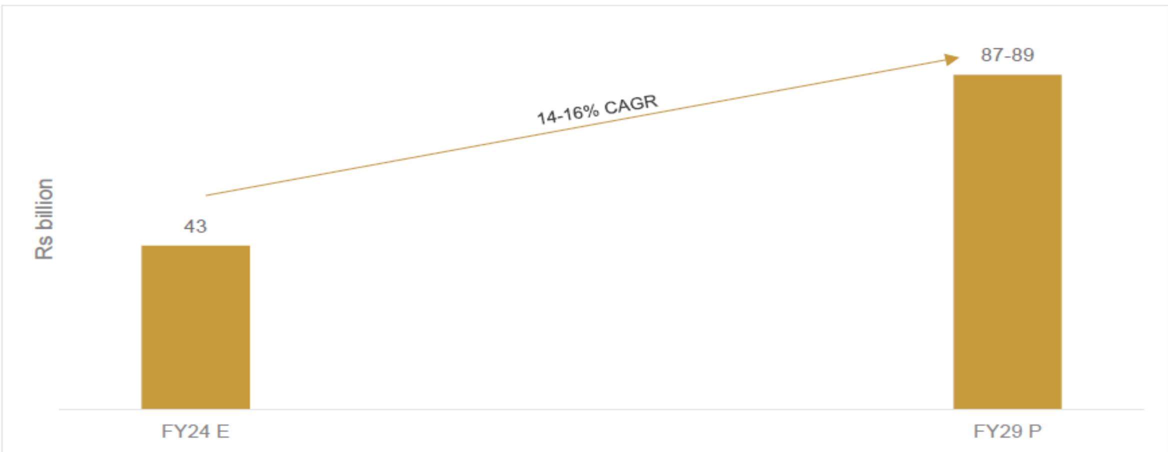
Market size

Goods and Services Tax (GST) implementation and growth across end-user industries to provide a boost to storage solutions market

Pallet racking is an essential component of modern warehousing, manufacturing, retailing and other storage systems. Pallet racks enable storage of materials on pallets, which are easier to use vis-à-vis manual operations. Usage of pallets also makes loading and unloading convenient through the use of forklifts, and other material handling equipment, which reduces time and improves efficiency.

The market sizing of storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹40 to ₹45 billion as of Fiscal 2024. The industry is expected to have grown at a compound annual growth rate (CAGR) of 15% to 18% over Fiscals 2020 to 2024. CRISIL MI&A Consulting forecasted the industry to marginally decline in Fiscal 2021 on account of disruptions due to the Covid-19 pandemic and the resulting impact on the supply chains of Indian industries. Although, going ahead CRISIL MI&A Consulting expects the industry to log 14% to 16% CAGR over the next five years to reach ₹87 to ₹89 billion in Fiscal 2029 from ₹43 billion in Fiscal 2024, on account of incremental ambient warehouse addition and rise in the share of organised warehousing players. The warehousing sector in India has seen a significant transformation, mainly driven by the post pandemic surge in online purchase, and a shift in consumer's buying pattern.

Market size and outlook of storage solutions industry in India



Source: CRISIL MI&A Consulting

In addition to ambient warehousing industry, the growth in storage solutions is defined by end-user industries such as e-commerce, organised retailing, consumer durables, auto components and pharmaceuticals as well as cold storage industries.

Increasing formalisation in warehousing to be a boon for Indian storage solution players

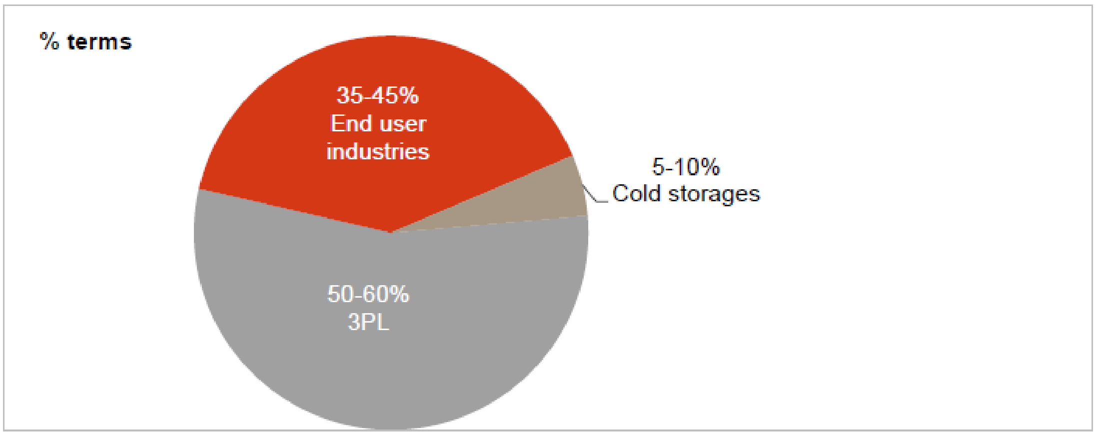
Use of pallet racks, coupled with mechanised retrieval equipment or systems, also allows in optimising space in warehouses. For instance, standard forklifts can lift up to 10 to 15 ft, while turret trucks can lift more than 30 to 40 ft. High pallet racks can be installed at warehouses along with these equipment, which can improve the space utilisation in warehouses.

The pallet racking and shelving market is highly correlated with the level of organisation in the warehousing and manufacturing industry. With increased formalisation, advent of third-party logistics ("**3PL**") and entry of global players in warehousing space, the pallet racking and shelving market will accordingly increase. Other enablers for modern storage solutions such as mezzanine, compactors and goods lift, will also get a boost through the same.

Usage: End users

Among the users of storage solutions, warehousing and 3PL players occupy the majority share. 3PL applications typically comprise of ambient industrial warehouses, which exclude captive warehouses.

Share across end users (Fiscal 2024E)



Source: CRISIL MI&A Consulting

Usage: Type of solutions

Shelving solutions are ideal for storage of assorted materials that are handpicked. The solutions can be customised for light to medium weight materials that are voluminous in nature. Shelving solutions are used across engineering and retail (supermarkets, apparels, etc) warehouses; in hospitals, hotels, banks, and financial institutions; and in automobiles, logistics and record and data management sectors.

Typically, static shelving systems are used as they are inexpensive to purchase and install compared with mobile shelving. But static shelving is less feasible in case of space constraints, while mobile shelving can be adapted to customised requirements. Static shelves are usually very strong and have high load bearing capacity.

Palletised racking solutions are ideal wherein huge volumes of standard-type products are produced, stored, retrieved, and distributed in and out of manufacturing units or warehouses, for instance, fast moving consumer goods ("**FMCG**") industries (like pharma, bulk drugs, beverages, foodstuff and electronic products). Hence, 3PL warehouses and regional distribution hubs for manufacturing industries are expected to drive growth for palletised racking. Palletised racking is expected to lead growth on account of strong demand from 3PL warehouses and regional distribution centres due to GST-led consolidation.

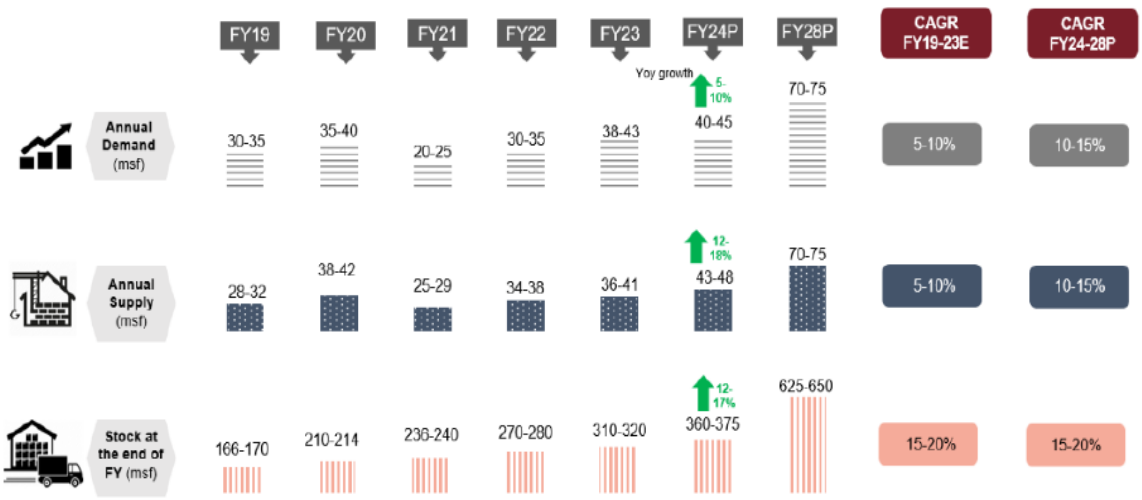
Slotted angle racking, multi-tier racking systems, etc, are suitable for manual retrieval of assorted materials such as records, cartons, printed packing materials, stationery, pharma products, cosmetics, toiletries and other consumables.

Warehousing industry

The growth story of the organised warehousing sector was robust, until COVID-19 hit incremental annual demand and supply in Fiscal 2021 since volume declines were witnessed across end-user segments. However, as the economies reopened and economic activities revived in Fiscal 2022, there was a strong rebound in the incremental demand for industrial warehousing space. CRISIL MI&A Consulting estimates that the growth in incremental demand normalized in Fiscal 2023 and there was net absorption of 38 to 43 million sq. ft. (msf) during the year, mirroring the normalization witnessed in growth rates across the end-user industries. In Fiscal 2024, the growth in demand is expected to be around 5% to 10% owing to the high base and sharp moderation in the e-commerce segment even though demand from the 3PL segment is expected to be robust.

Over the long term, the annual demand for Grade A & Grade B warehouses in top 8 Indian cities is expected to grow at a CAGR of 10% to 15% between Fiscals 2024 and 2028. The annual supply is also expected to grow at a similar CAGR of 10% to 15% in the said period.

Industrial warehousing demand is likely to be slightly subdued in Fiscal 2024



Note: E- Estimated, P- Projected. Msf: million square feet, considering Grade A and B warehousing space across top 8 cities: Mumbai, Pune, NCR, Bangalore, Chennai, Hyderabad, Kolkata & Ahmedabad.
Source: CRISIL MI&A Consulting

3PL segment to be the largest driver of industrial warehousing demand in Fiscal 2024

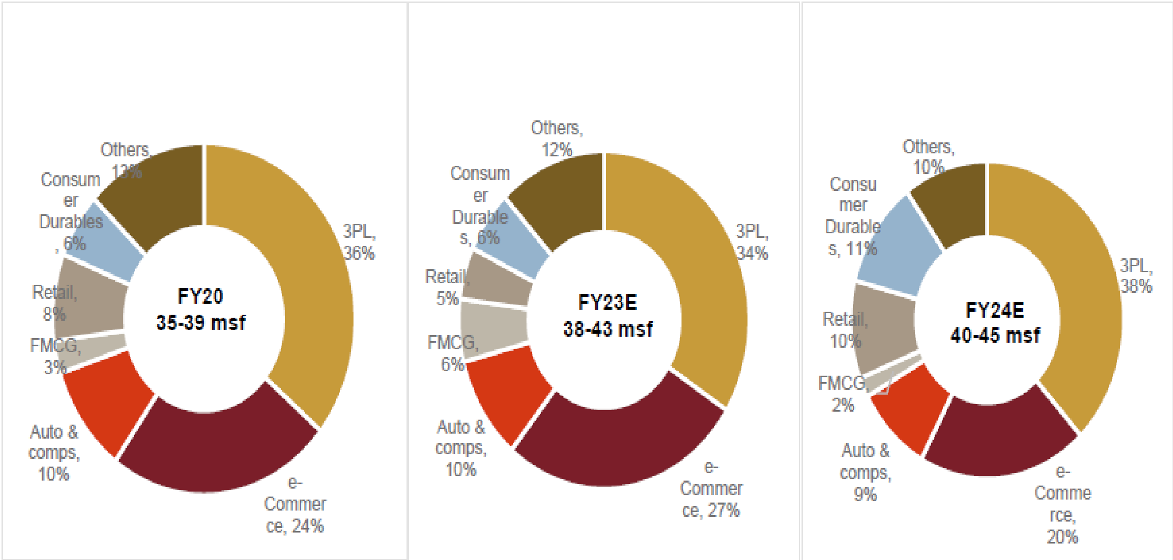
The COVID-19 pandemic-induced lockdowns provided a thrust to the e-commerce industry in India. The industry witnessed an addition of several first time buyers and it is expected many of them would continue their transactions on e-commerce platforms even post-COVID given the convenience these e-commerce platforms provide. In order to improve the convenience offered to their buyers, the e-commerce companies are aiming for quicker deliveries with even services like same-day delivery on offer. In order to possess and enhance their fast delivery capabilities, the e-commerce companies require operational points closer to the city limits. Therefore, it is expected that the e-commerce companies will have an increased need for warehouses near city limits in order to carry out their operations. However, given that the e-commerce companies undetook aggressive leasing of warehousing space in the previous few Fiscals, they already have high availability of warehousing space and hence some amount of moderation is expected in this segment's demand in Fiscal 2024.

The retail industry has also witnessed a marked shift in India since the COVID-19 pandemic. A significantly high proportion of retailers are resorting to omni-channel sales wherein they are also pursuing sales on online platforms. Additionally, the retailers are also maintaining higher inventories near the city limits in order to increase the speed of servicing the demand for products and also because they have witnessed a reduction in the replenishment cycles.

Owing to the trends outlined above, the e-retail industry is expected to continue seeing expansion of fulfillment centres and dark stores. The fulfillment centres will continue to expand near the supply and demand centres, owing to e-retail industry characteristics of dynamic order size and low turnaround time. The turnaround time for the e-retail industry ranges from less than a day to about four days, depending on the accessibility of the destination via surface, rail or air transport, and the delivery model chosen by the end-users (same day delivery, next day delivery or normal delivery).

Demand from 3PL is also expected to be robust as different sectors such as electronics & white goods, retail, FMCG are routing through 3PL, offloading part of their inventory management to optimise the cost. Furthermore, 3PL companies also possess exceptional analytical strength to optimize the logistics and supply chain of the companies which makes it an extremely attractive option for companies in the aforementioned sectors.

Annual demand in warehousing led by e-commerce and 3PL end-use segments, to contribute 55% to 60%



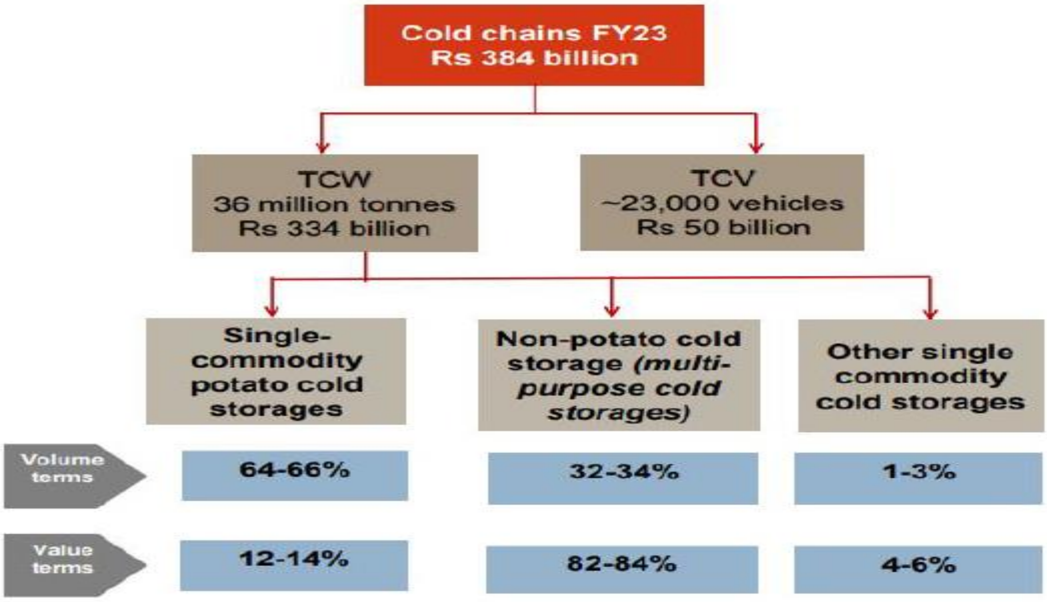
Note: E- Estimated. % in pie chart indicate share of the sector in warehousing demand in msf

Source: CRISIL MI&A Consulting

CRISIL MI&A Consulting analysis indicates that the implementation of the Goods and Services Tax (GST) led to consolidation of the warehousing sector largely driven by the consumer durables and fast moving consumer goods (FMCG) industries. Post GST, companies were realigning their supply chains for market efficiencies and not tax efficiencies anymore. Large format, technology enabled warehouses are preferred by corporates leading to multi-user spaces with cost and scale efficiencies for Third Party Logistics (3PL) players who also provide value-added services.

GST triggered consolidation of fragmented warehousing operations into fewer and larger warehouses. Advancements in technology, particularly automation are pushing up need for end to end logistics services. As a result, the Indian warehousing segment is witnessing a favourable structural shift with a rise in demand for modern warehousing. 3PL and e-commerce players have gained significant share in occupied stock over the past 5 years and they are expected to drive future growth in the organised warehousing sector.

TCW constitutes roughly 87% of the market



Source: CRISIL MI&A Consulting

Gear and Gear boxes in the non-automotive industry

Introduction to gears and gearboxes

A gear set or gear pair is a mechanical device, commonly utilised to increase the output torque or change the speed (measured as revolutions per minute or rpm) of a prime mover. A gearbox is an assembly of several such gear pairs, counter shaft, main shaft and bearings enclosed in a metal housing. A geared motor is an assembly of a gearbox and an electric motor.

A gearbox is attached with a prime mover on one end and equipment to be driven on the other end. Prime movers are generally electric motors. Rotational speed as well as torque output of gearbox is a function of gear ratio. Gear ratio is defined as the correlation between the numbers of teeth of two different gears forming a gear pair.

Domestic industrial gear and gearbox market

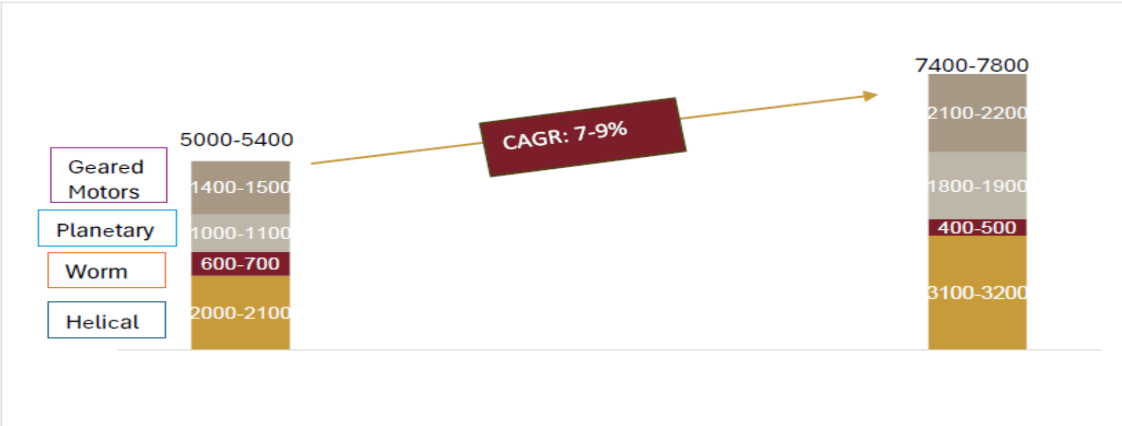
The global industrial gearbox market is estimated at around USD30 to USD35 billion with the market largely driven by power generation sector, especially wind power and increasing automation across varied industries and applications. The market is benefitting from increasing investment in renewable power generation, for addressing increasing energy needs and reducing reliance of fossil fuel-based power.

In India, industries like FMCG, Steel, Cement, Power, Infrastructure and Mining are in the process of renovating and expanding their manufacturing facilities to meet the rising demand alongside the growing economy. The estimated market size of industrial gearboxes in India is ₹5,000 to ₹5,400 cr and is expected to reach to ₹7,400 to ₹7,800 cr in next four years. Also, India is focusing on renewable sources to generate energy and to achieve 40% of its energy from non-fossil sources by 2030 which brings the opportunity for the Windmill segment.

Demand is expected to grow at 7% to 9% CAGR in the next 5 years

CRISIL MI&A estimates the domestic market for industrial gears and gearboxes to clocked a compound annual growth rate (CAGR) of 7% to 9% from approximately ₹5,000 to ₹5,400 cr in Fiscal 2024 to reach approximately ₹7,400 to ₹7,800 cr in Fiscal 2029.

Domestic gears and gearboxes



Note: Helical includes Helical-Bevel and bevel | Geared motors includes fluid couplings

Source: CRISIL MI&A Consulting

Renewable power projects, conventional sectors such as cement and steel are key end-users

In Fiscal 2024, windmill capacity additions stood at approximately 3,253 MW, compared to 2,275 MW added in Fiscal 2023. Earlier, capacity additions in Fiscal 2020 had seen a pickup after subdued Fiscals 2019 and 2018, post the change in the feed-in tariff (FiT) regime to competitive bidding. Capacity additions rose 43% on-year in Fiscal 2020 and stood 2,118 MW compared to 1,481 MW and 1,865 MW added in Fiscals 2019 and 2018, respectively.

Steel industry, despite a healthy domestic demand growth has seen limited capacity additions over last 5 years and with a major 15 MTPA addition seen only in Fiscal 2024. Cement capacity additions slowed down during Fiscal 2023 to approximately 24 MT (inclusive of grinding and integrated units). Higher input costs, led by elevated power, fuel and freight prices, which rose further in the first half of the Fiscal 2023, affected the industry's profitability, thereby slowing down capex execution of players. Over the last 5 years, the sector has witnessed consolidation, with large cement makers taking over regional heavyweights as well as struggling companies through competitive bidding under the Insolvency and Bankruptcy Code.

Demand from conventional sectors such as power, steel, cement and mining remained low owing to lack of major capital expenditure (capex) investments over Fiscals 2015 to 2020. Demand from thermal power dropped because of lack of new capacity additions because of a shift in the government's focus towards renewable energy sources such as wind and solar.

Conventional sectors (cement, heavy metals, power, and mining) collectively constituted 55% to 60% share in Fiscal 2024. Share of the conventional sector rose in Fiscal 2024, because of capacity additions in steel and infrastructure segments. Other sectors such as railways, fertilisers, textiles, chemicals, printing, packaging, plastic, cranes, defence, etc. contributed the rest. Gears used in elevators, plastic extrusion, printing machines are estimated to account for approximately 10% to 12% of the gear and gearboxes industry.

Intensity of gears and gearboxes differs across applications, depending on the processes and material handling requirements. For a given application, gearbox requirement changes substantially as per the plant configuration (capacity, plant design, etc.).

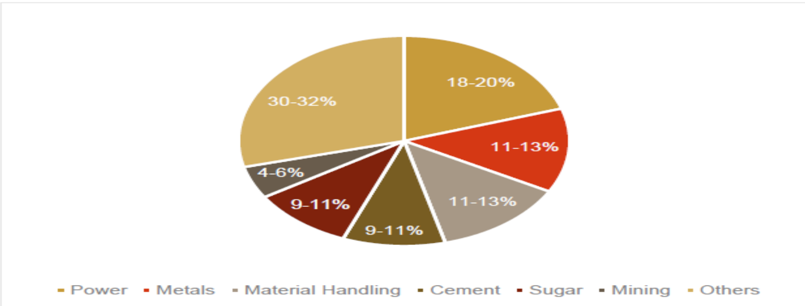
Indicative gear and gearbox intensity across applications

Application	Plant capacity	Gear and gearbox investments (Rs million)
Cement	1 MTPA[1]	48-53
Steel	1 MTPA	30-35
Thermal power	1 MW[2]	0.4-0.45
Sugar	1 TPH[3]	25-28
Wind	10 MW	30-40

Source: CRISIL MI&A Consulting

[1] Metric tonne per annum
[2] Mega watts
[3] Tonne per hour

Application-wise domestic demand for gears and gearboxes in Fiscal 2024 (₹50 to ₹54 billion)



Note: Power includes conventional power and wind power. Others include elevators, printing machines, plastic extruder, rubber, chemical, pharma, plastics, marine, crane, packaging, etc.
Source: CRISIL MI&A Consulting

CRISIL MI&A expects wind energy capacity additions of 22 to 24 GW over Fiscals 2025 to 2029, with further upside of 9 to 11 GW from green hydrogen entailing investments of approximately ₹1.65 to ₹1.75 trillion over the period and another ₹0.7 to ₹0.75 trillion from green hydrogen. We expect approximately 13.4 GW in the existing pipeline to be commissioned by Fiscal 2029, factoring in delays due to cost escalation, evacuation infrastructure, etc. CRISIL MI&A projects investments of ₹27.5 to ₹28.5 trillion in the power sector between Fiscals 2024 to 2029. Investments in power generation are expected to increase 2.9 times from approximately ₹6.8 trillion between Fiscals 2018 to 2023 to ₹19.5 to ₹20.5 trillion between Fiscals 2024 to 2029. Investments in renewable energy generation capacity are expected to account for approximately 60% of these investments over the same period as India seeks to achieve its 500 GW of non-fossil energy capacity announced in COP26.

In Steel, several new capacities are expected to be commissioned by Fiscal 2028, the pace of which has increased since high profitability in the first half of Fiscal 2022. Several new capacities are expected to come on-stream over the next five years (90% to 95% of capex will be by large players). In fact, we expect net capacity additions of 70?73 MT between Fiscal 2024 to Fiscal 2028, supported by healthy demand growth and debt reduction in the past two Fiscals (Fiscal 2021, Fiscal 2022). Cement industry is expected to see 86 to 88 MT of capacity additions in Fiscals 2024 and 2025 after approximately 24 MT of additions in Fiscal 2023. Going ahead, industry to witness capacity addition to the tune of 210 to 220 million tonnes between Fiscal 2024 to 2028, higher than approximately 119 million tonnes of capacity addition during Fiscals 2019 to 2023.

Demand for gears is expected to be robust from the material handling equipment required for slew of infrastructure projects including roads, metro construction, river-linking and railways over the forecast period. Demand from these sectors is expected to increase at 4% to 5% CAGR. In addition, increased mining activity is expected to support gear and gearbox demand over the forecast period.

Demand from new conventional power projects is expected to remain lacklustre due to the shift in focus towards renewable energy till Fiscal 2029. Demand from new steel and cement plants is expected to increase due to faster pace of capacity additions over Fiscals 2024 to 2029 compared with the past five years. Additionally, demand from defence sector is also expected to support demand for gear and gearboxes.

Helical/ bevel-helical gears dominate the market

Helical/ bevel-helical gears dominated demand for gears with 35% to 40% share in Fiscal 2024, owing to its high efficiency and maintenance-friendly operation. These gears are steadily replacing worm gear applications.

Planetary gears account for 18% to 20% of demand, with wind, sugar, and material handling equipment as major applications. The sugar industry particularly moved from helical to planetary gears for better crushing and power saving. Planetary gears are also preferred in plants with space constraints.

Worm gears form 12% to 15% of the demand, with cranes, elevators, and escalators as major applications. This category has been losing share, de-growing because of its lower efficiency.

Over the forecast period, the worm gear market is expected to continue to de-grow at negative 6% to 8% CAGR due to higher efficiency of helical/ bevel helical and planetary gears. Helical/ bevel-helical gears are forecast to register 8% to 10% CAGR, whereas planetary gears are likely to post 11% to 13% CAGR, driven by growing acceptance of planetary gears.

Geared motors are expected to grow at 7% to 9% CAGR over the forecast period due to surging wind power deployments and minimal cost of gear motors as well as its compact nature.

Competing gearless technologies such as direct drive systems, hydraulic, and electromagnetic drives are not likely to be a threat to the gear and gearboxes industry over the coming Fiscals, due to factors such as lack of economic viability, maintenance capability, durability and reliability.

Type of Gearbox-wise domestic demand in Fiscal 2024 (₹50 to ₹55 billion)

Industrial Gearboxes + motors market size	Rs. 5,000-5,500 cr
Helical	35-40%
Worm	12-15%
Planetary	18-20%
Geared motors	25-30%

Note: Helical includes Helical-Bevel and bevel

Geared motors includes fluid couplings

Geared motors outpace gearbox growth owing to convenience in commissioning

Gearboxes accounted for 65% to 70% of the total gearboxes and geared motors market in Fiscal 2024, followed by geared motors with 25% to 30% share which also includes coupling products. Geared motors have seen growing preference owing to plug-and-play design vis-à-vis gearboxes, which requires installation of electric motors separately. Geared motors are particularly preferred in <125 kW power output applications. Loose gears primarily find applications in railways and textile machinery, and as a replacement product across all industrial applications.

Import substitution drives customised demand

Customised gears and gearboxes form 20% to 25% of demand, while standardised or catalogue products form the rest. Customisations in terms of box housing, mounting, gearing train, and changes to shafts fall under the customised gear and gearbox market. Substitution of imports by locally customised products has driven demand in this segment. Wear and tear replacement of spares in imported machinery by industrial users is also a contributor. The share of customised gears in the gear and gearboxes market is, however, likely to remain stable over Fiscals 2024 to 2029.

Imports form approximately 35% of demand

Foreign players are primarily engaged in import of components and local assembly of gearboxes and geared motors. They dominate the geared motors segment, whereas domestic players dominate the gearboxes market.

The market is fairly organised and competitive

The market for gears and gearboxes is fairly organised and competitive, with the top 15 players commanding approximately 70% share. The unorganised segment accounts for 8% to 10% of demand, largely catering to loose gears demand in textiles and crane applications. Elecon Engineering, Premium Power Transmission, Shanthi Gears and New Allenberry Works are key Indian players. Major foreign players include ZF Wind Power, Bonfiglioli Transmission, Siemens, SEW and Nord Drive Systems. The windmills sector is particularly dominated by foreign gearbox manufacturer

Types of gears and application industries

Gears can be classified by the design of their teeth into the following major categories:

Spur gears

In spur gears, the teeth are cut parallel to the axis of the shaft. These are the simplest form of gears, easier to manufacture and more economical than other types of gears. These gears are used to transmit power when the driving and driven shafts are parallel to each other. However, industrial applications have negligible penetration of spur gears owing to their lower torque transmission capacity and higher noise level compared with other types such as helical gears.

Helical gears

These are sometimes referred to as helical spur gears. Helical gears have gear teeth cut at angles, which allow for gradual contact between each pair of the teeth. This type of design provides for a smooth and quiet operation.

Gearboxes with helical gears are used across applications demanding high efficiency. These gears can provide reduction ratios of up to 8 per stage. A gear reduction ratio defines speed and torque generated by output shaft of gearbox. For example, a gear reduction ratio of 2 means the speed of output shaft is half of the speed of driver shaft, but its torque will be double than that of driver shaft. These can operate at high speeds and transmit large amounts of torque, and can be used for transmitting power in parallel shaft orientation.

Bevel gears

Bevel gears are used for transmitting power between shafts in cross orientation. Bevel gears, too, can provide reduction ratios of up to around 8 per stage. Bevel gearboxes have straight or spiral teeth.

Spiral bevel gears have curved and oblique teeth and are performed in applications requiring lower sound level and higher speeds.

Worm gears

Worm gears comprise gear designs resembling a worm/screw as the driving element and gear/wheel having inclined teeth enveloping worm as the driven element. These are able to have low noise levels and are maintenance-free, but less efficient than other gear types. Worm gears are used where provide very high reduction in speed, its gear reduction ratios range from 5 to 100 per stage. Worm gears are predominantly used in elevators, escalators, cranes, winches, etc.

Planetary gears

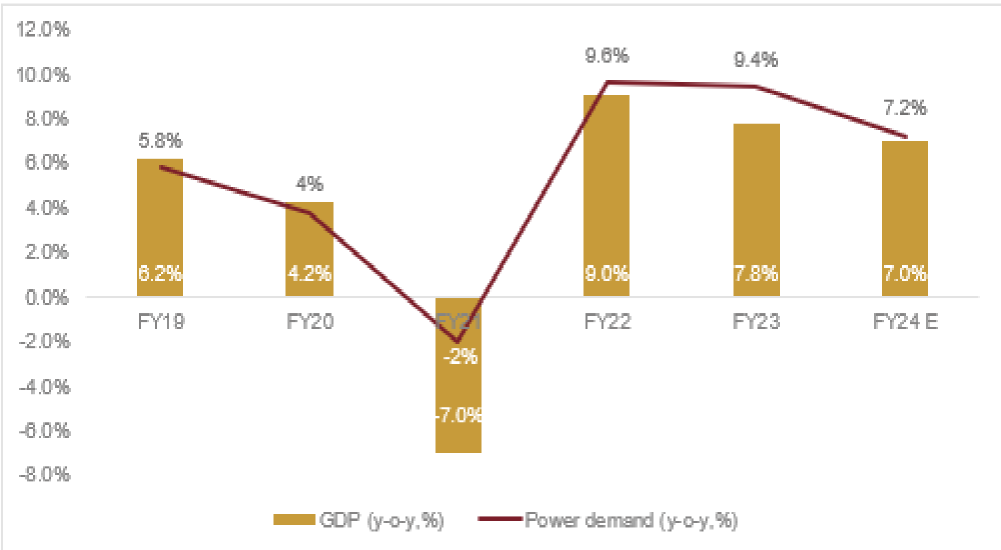
A planetary gearbox includes a sun gear, ring gear and planetary gears. The sun gear is the central gear placed in the centre, the ring gear is the outer ring with inward-facing teeth, and the planetary gears rotate around the sun gear and mesh with both the sun and ring gears. The planetary gear drive is compact in size compared with conventional helical gears. Helical and planetary gears offer slightly better efficiency in terms of friction and thermal loss. Planetary gears, however, are lesser maintenance friendly as compared with helical gears.

Planetary gearboxes are used in applications requiring low backlash, compact size, high efficiency, resistance to shock and a high torque to weight ratio. Planetary gears find applications across all industries, but they are predominantly used in sugar, wind mills, and material handling equipment applications.

Review of conventional power capacity addition

Power demand has its fortunes closely linked to GDP growth where historically power consumption largely follows economic cycles. The growth in power demand has historically lagged GDP growth by 1 to 2 percentage points but has bucked the trend in Fiscals 2021, 2022 and 2023. Power demand has increased by 7% to 7.5% on a high base of 9.6% recorded in Fiscal 2023. In absolute terms, power demand has surged to 1,620 to 1,630 BU vis a vis 1,512 BU in Fiscal 2023. Along with seasonal vagaries, GDP is estimated to grow at 7.3% in Fiscal 2024 supporting power demand despite a higher base of 7.2% in Fiscal 2023.

Power sector to witness incremental power demand from railway electrification



Source: CEA, CRISIL MI&A Consulting

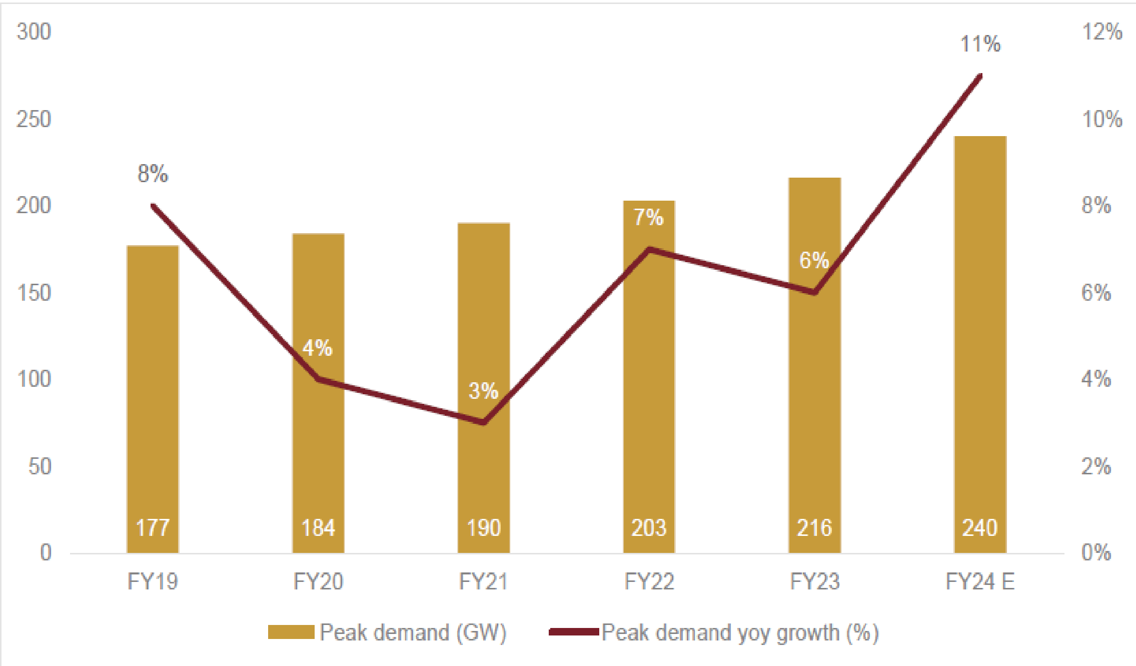
The central government is making efforts towards energy efficiency through the PAT (Perform Achieve and Trade) cycle scheme for industries - a programme to lower electricity consumption intensities for selected industries) and proliferation of energy efficient appliances through the UJALA scheme. This is additional to promoting renewable energy in the power supply mix and reduction of carbon emissions from coal plants. Consequently, India is expected to lower its power per GDP consumption (power intensity) levels in line with international commitments to carbon emission reduction.

Peak demand and trends

The instantaneous surge in power requirement which occurs for a short duration. This may occur for instance when a large set of consumers utilize electricity simultaneously, such as in the evenings for lighting. Between Fiscal 2019 and 2023, peak demand has grown from 177 GW to 216 GW. In Fiscal 2024 till January, peak demand was 240 GW as seen in September 2023.

Peak demand has managed to constantly rise over the past years even during covid which had witnessed base demand falling into the negative territory. Before the COVID-19 pandemic, electricity demand in India usually peaked during August and September, comprising a majority of the monsoon season. This spike in peak demand was primarily due to increase in domestic and commercial load, mainly space cooling load due to humidity conditions in monsoons. However, peak demand moved to summers in Fiscal 2023, where peak demand touched record high levels of 216 GW attributed to increase in cooling demand as intense summers ravaged several regions of the country. Winter months as well witnessed record high levels of peak demand with demand registering double digit growth of 13% and 12% on year in November 2022 and December 2022 respectively and 9% on year growth in January 2023. Increased heating requirement as several regions of the country reeled under severe cold accentuated the peak power demand during these months. The constant rise in peak demand can be attributed to economic growth, increased purchasing power, seasonal vagaries, and an increasing daily average temperature that India has experienced over the last decade.

Peak demand over the Fiscals 2019 to 2024



Source: CEA, CRISIL MI&A Consulting

Cement sector growth

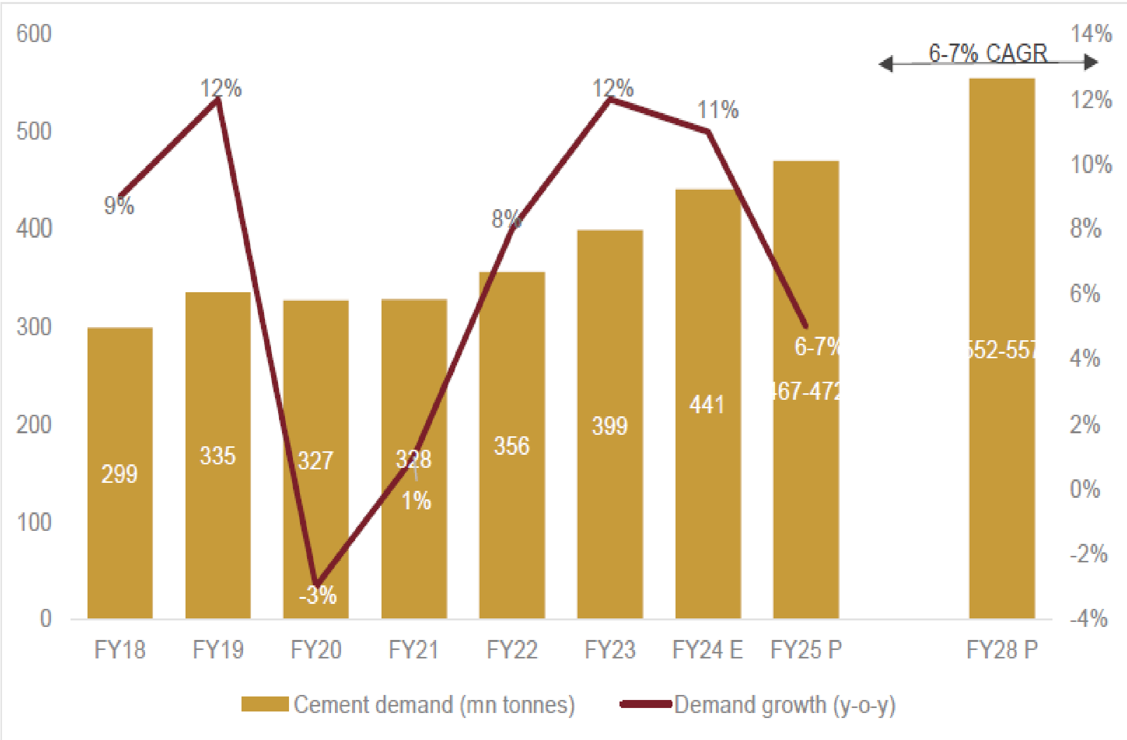
Cement demand growth to drive on wheels of Infra and Industrial/commercial segment; housing to lend support

CRISIL Consulting expects cement demand growth to moderate to 6% to 7% in Fiscal 2025, after having grown by approximately 11% in Fiscal 2024 and approximately 12% in Fiscal 2023.

On two consecutive healthy bases, and the impact of post-election slowdown, demand growth is expected to moderate to 6% to 7% in Fiscal 2025. While the infrastructure segment is expected to remain the key demand driver, a marginal rise of 4% in capex for core infrastructure ministries for Fiscal 2025BE over Fiscal 2024RE is expected to slow down demand growth of the segment to 7.5% to 8.5% in Fiscal 2025. That said, the moderation is on a high base and the overall quantum of capex allocation is still high. The government's focus on developing dedicated rail corridors for energy, mineral and cement sectors, higher budget allocation for metro (approximately 7.57% higher allocation in 2025BE over 2024RE), UDAN scheme for airports, expansion of metro rail and Namo Bharat to more cities, ongoing NHAI and Bharatmala road projects should continue to support infrastructure demand. Demand from the housing segment is expected to moderate to 5% to 6%, primarily due to an expected slowdown in rural housing because of lower agricultural profitability in the previous year, which will impact rural income and liquidity.

Over the five years block, Fiscal 2024 to Fiscal 2028, CRISIL MI&A Consulting expects cement demand to log a CAGR of 6% to 7%, moderately higher than approximately 6% CAGR in the previous five years (Fiscals 2019 to 2023), driven by a raft of infrastructure investments and a healthy support from housing demand.

Cement demand trajectory



Note: E- Estimated, P- Projected. Demand growth for fiscal 2028 given in CAGR (FY24-FY28) terms.

Source: CRISIL MI&A Consulting

Share of infrastructure to rise over coming 5 years

The share of the infrastructure segment in cement demand has been on the rise over the past decade because of a surge in the central government's capex towards infra sectors. In fact, the share has nearly doubled from 11% to 13% in Fiscal 2013 to 29% to 31% in Fiscal 2024. Over the period, the share of housing, industrial and commercial demand for cement shrank.

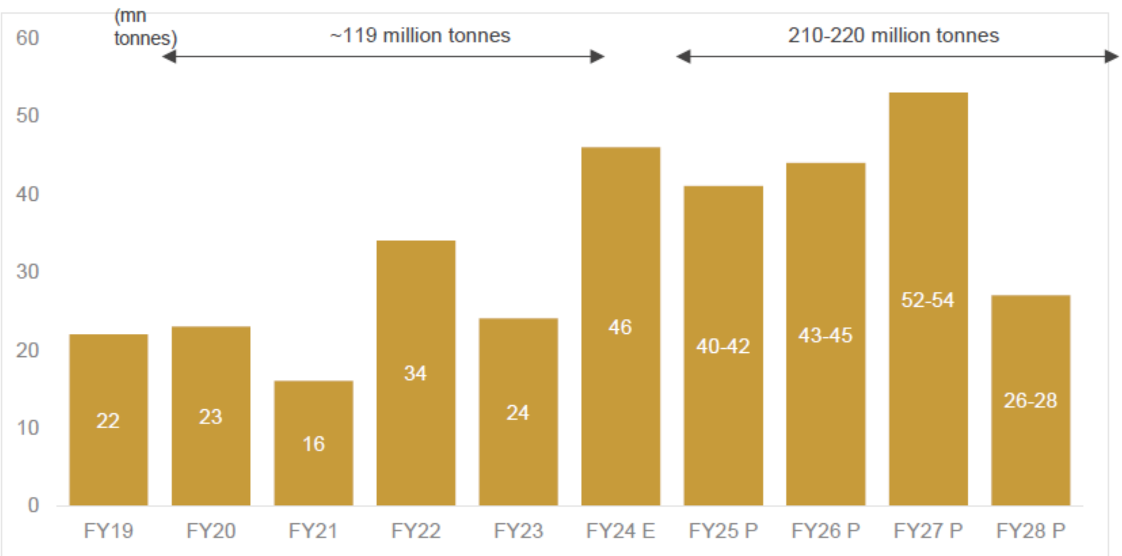
Going forward, we expect the infrastructure segment's share to rise further because of the continued rise in central and state capex on roads, railways, metros, airports, and irrigation. The segment's share is expected to increase to 31% to 33% in Fiscal 2028. The central government's focus on roads, railways, urban infrastructure, and irrigation will boost infrastructure investments.

Cement industry to witness massive capacity additions over medium term

Cement industry on a capacity expansion spree; likely to add 210 to 220 MT incremental capacity in next 5 years improving demand outlook over the medium term and push to gain market share have triggered a wave of capacity addition announcements by cement manufactures, especially large players. Over Fiscals 2024 to 2028, CRISIL MI&A Consulting expects the industry to add 210 to 220 million tonne per annum (MTPA) of grinding capacities, taking the country's total installed capacity to 800 to 810 MTPA by Fiscal 2028.

In Fiscal 2024, the cement industry is estimated to have added approximately 46 MT (inclusive of grinding and integrated units) as against approximately 24 MT added in Fiscal 2023, as player's profitability is estimated to have rebounded in lieu of easing cost pressures which in turn led to higher cash accruals for capex spending during the Fiscal. Going forward, Fiscal 2025 is expected to witness similar trend with further addition of 40 to 42 MTPA. Over the near term, CRISIL MI&A Consulting estimates overall installed capacity to reach 680 to 685 MT as of Fiscal 2025.

Capacity additions



Note: P- Projected, E- Estimated

Source: CRISIL MI&A Consulting

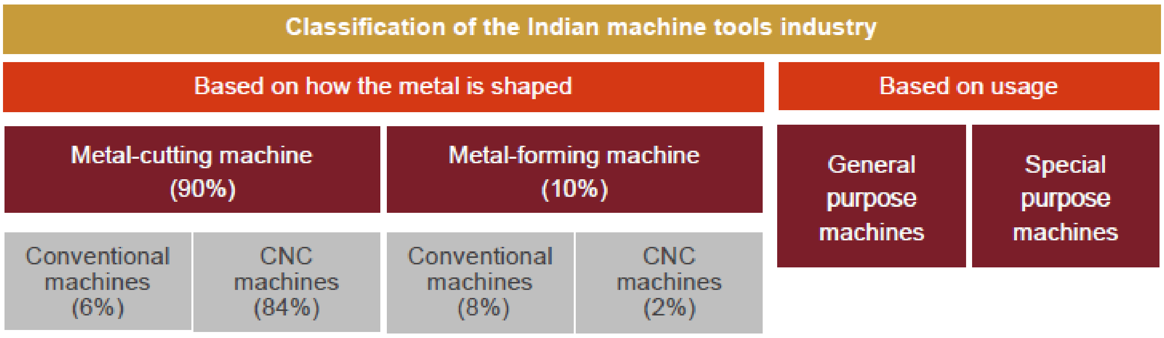
Special Purpose Machine manufacturing

Introduction to special purpose machines ("SPMs")

SPMs are customised machines deployed to automate industrial processes to ensure high productivity. 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.

SPMs, designed to operate for 24 hours a day with minimum supervision, are mostly product-specific and need to be designed and developed as per individual requirements. These SPMs are either cam-operated machines or use hydraulics and pneumatics as actuating elements or a combination of all. Often, a dedicated programmable logic controller is used in conjunction with positional sensors and transducers to give commands to the actuating elements. Sometimes, different special motors such as stepper and servo motors are used as actuating elements.

Since SPM manufacturers are mostly machine tool manufacturers, SPMs are considered a part of the machine tools industry. However, not all machine tool manufacturers possess the capability to produce SPMs since these require strong design expertise, technical know-how, and industry knowledge. Demand for SPMs is cyclical in nature and, hence, standalone players are very few.



Note: CNC-Computer Numerical Control

Figures in bracket indicate percentage contribution by value

Source: Industry, CRISIL MI&A Consulting

In India, the machine tool industry's growth started with the establishment of Hindustan Machine Tools Ltd (HMT) in 1953 in Bengaluru. After gaining experience at HMT, many engineers started small-scale units, which led to the growth of the machine tool industry in Bengaluru and Coimbatore. With people gaining more experience in design and tooling skills, custom-made machines catering to specific customer needs were manufactured. The establishment of the Central Machine Tool Institute at Bengaluru in the 1960s by the Government of India provided an impetus to the machine tool industry. The institute was renamed Central Manufacturing Technology Institute (CMTI) in 1992, with Bengaluru becoming the centre for growth of SPMs, followed by Pune. In recent decades, Punjab and Rajkot have emerged as new centres, competing on cost but lagging in technical prowess.

Only players with skilled manpower and design capabilities manufacture SPMs. SPMs are wide-ranging in terms of function and scale, resulting in players producing specific SPMs. While competition is high in the manufacture of less complex SPMs, machines requiring high precision and design standards are produced by few players, providing them higher bargaining power. SPM manufacturers in Bengaluru command a premium over other regions due to the superior design and quality of the machines.

Initially, the life of SPM machines used to be around five years, which demanded better quality raw materials as well as design with high technical standards. But in recent years, the automobile industry has witnessed several changes to meet increasing consumer expectations in terms of model designs, features, etc., thus making SPMs non-usable in two-three years. Due to the faster replacement cycle, buyers look for low-cost machines that come with less optimal design standards. Critical components for SPMs are mostly from imported from the United States, Japan and Germany, where high quality standards are maintained. However, there has been a trend of increasing imports from Taiwan and Korea, wherein various components based on design are imported and assembled to make SPMs.

Types of SPMs

Leak-testing machines

Leak testing is used to detect manufacturing defects, verify integrity of products, and improve consumer safety. For example, the automotive industry uses the leak-testing process to verify that assembly operations are completed properly and sub-components are leak-free. The main component of many leak-testing methods is the concept of leak flow, which refers to the leakage of a gas or liquid from the product. Manufacturers producing parts containing gas or liquid need to know if their products include any defects that could allow leakage. Defective products can be costly due to increased warranty claims and for potentially endangering consumer safety.

Source: Industry

Press machines

Press machines are used in metal extrusion and sheet metal fabrication processes. Hydraulic and mechanical presses are employed during sheet metal formation to the extent that sheet metal processes, in general, are often referred to as press working. Presses may be used in manufacturing plastic parts, while machining operations, such as broaching, may also require presses. Press machine tools vary in size and in the amount of force they can exert. The energy from a press is often used to do work requiring a tremendous amount of force, such as a large amount of plastic deformation of a sizable piece of metal. The method and nature by which a press machine delivers its energy will vary, depending on its type.

Source: Industry

Gauging machines

Gauging machines are used primarily for inspecting and adjusting inside callipers to check large dimensions and measure large-end standards.

SPMs offer tremendous scope for high volume production at low investment and at low cost of production when compared with computer numerical control (“**CNC**”) machines. A judicious combination of limit switches, sensors, logic controls, automatic job clamping, etc., is the essence of an SPM. A well-conceived SPM finds ways and means to utilize man and machine to the optimum.

Source: Industry

Washing machines

A range of washing and drying machines are manufactured for various industries such as coal mining, automobiles, hospital, consumer durables, food production, and pharmaceutical applications.

Source: Industry

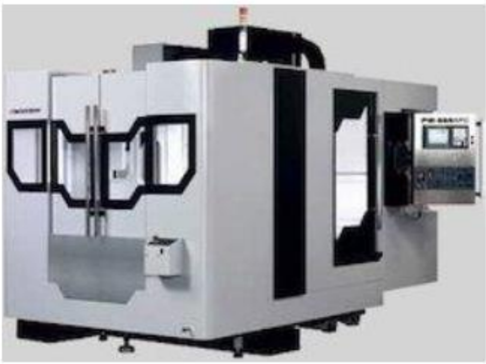
Nut runner SPMs

Source: Industry

Nut runners and nut drivers are used to tighten nuts. By definition, nut drivers are mechanical hand tools, while nut runners are pneumatic, electric, or hydraulic power tools. Pneumatic nut runners are powered by compressed air and vary in terms of air fittings and air consumption. Electric nut runners use a direct current (“**DC**”) controller as a power supply. Handheld cylindrical devices are lightweight and portable. Pistol-style devices with trigger actuators are also available. Large nut runner systems are designed to be mounted in a fixed position, usually on an assembly line. Since they provide tight torque control, nut runners and nut drivers are used in a variety of precision fastening and assembly applications. Some nut runners are used on automotive or appliance assembly lines. Others are designed for turning, tightening, tapping, reaming, bevelling, and expanding applications.

Assembly line SPMs

SPMs for an automated automotive assembly process are essential for automotive manufacturing. These machines include PLC-controlled, PC-controlled, integrated vision inspection, laser marking, dot peen marking, etc. All types of test benches with data logging and data acquisition are also used. A list of few such machines are control cable manufacturing machines, speedometer and steering wheel assembly lines, motor noise test benches, window regulator test benches, vision-based inspection stations, FFT test benches for automotive electronics, etc.



Source: Industry

Vertical machining centres (“VMCs”)

CNC vertical machining centres (VMCs) remain machine shop staples. These milling machines have vertically oriented spindles that approach workpieces mounted on their table from above and commonly perform 2.5- or 3-axis machining operations. They are less costly than horizontal machining centres (“**HMCs**”), which makes them attractive to small job shops as well as larger machining operations. In addition, the performance capability of these machines has increased over the years, leveraging technologies such as high-speed spindles and advanced CNC capabilities (including conversational control programming). Ancillary equipment is also available to increase the flexibility and capability of these machines, including spindle speeders, angle heads, tool- and part-probes, quick-change work holding devices, and rotary indexers to enable four- or five-axis machining work.

Horizontal machining centres (HMCs)

Source: Industry

An HMC has a spindle in a horizontal orientation. This machining centre design favours uninterrupted production work, one reason being that the horizontal orientation ensures chips fall away and, hence, don't have to be cleared from the table. More significantly, the horizontal design allows a two-pallet workchanger to be incorporated into a space-efficient machine. To save time, work can be loaded on one pallet of an HMC while machining takes place on the other pallet.

Milling machines

Source: Industry

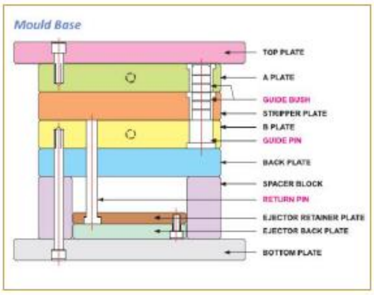
A milling machine has numerous functions. Each machine has a cutter that operates at various speeds so the required shape can be fashioned. With its adjustable speed feature, each milling machine can be regulated for a more precise cut. The machine is capable of handling multiple tasks such as carving, threading, milling, drilling, and cutting. There are several types of milling machines, each with varying functions based on standard criteria. Manufacturers often name the different machines according to the kind of control, number of axis present, orientation of the spindle, size of the tool, its purpose, and source of power. While there are several varieties of milling machines available today, they essentially serve the same functions but use different terminologies.

Tool room and Mould base

Introduction

A tool room facility/machine shop is an industrial unit where machines are installed to manufacture or repair tools and components that make the final product. It comprises mould bases and moulds, jigs, fixtures, press tools, die sets, and forming tools.

A *mould* is a hollowed-out block that is filled with a liquid or pliable material, such as plastic, glass, metal, or ceramic. The liquid hardens or sets inside the mould, adopting its shape. A *mould base* is a broad name that refers to parts containing the cavity for the mould to be installed in the moulding machine. Standard mould bases are now being used widely globally. Mould-base manufacturing includes operations such as drilling, tapping, jig boring, shaping, milling and grinding. The operations involved in manufacturing tools and mould bases are similar.




Source: Industry

A *jig* is a device for holding and supporting a workpiece in a machine tool and for guiding the cutting tool. Jigs are similar to fixtures, but these not only locate and hold the part, but also guide the cutting tools.

A *fixture* is a work-holding or support device used in the manufacturing industry. Since the advent of automation and computer numerical controlled (CNC) machines, jigs are often not required because the tool path is digitally programmed and stored in memory.

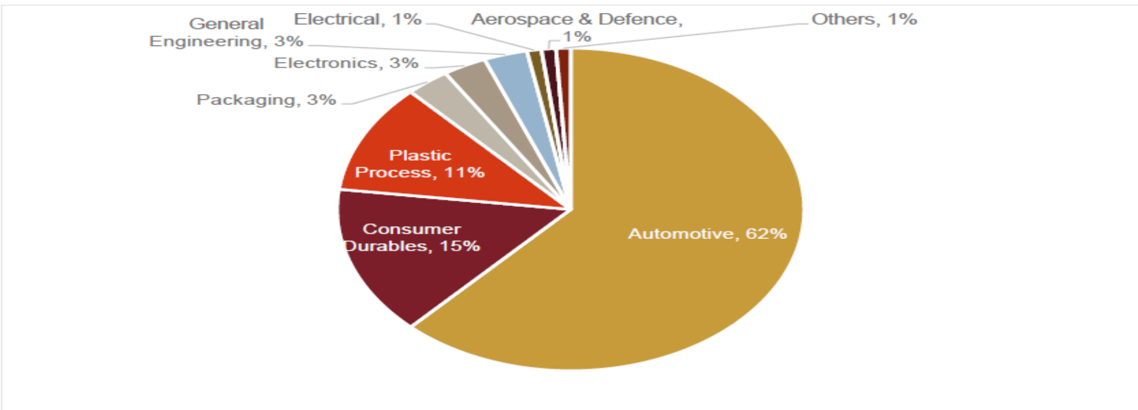
Note: A tool room or the tooling industry covers all the above components, and is referred to as tooling industry.

Review and outlook of domestic tool room and mould base market

Industry-wise demand share in Fiscal 2024

Automobile and auto-component manufacturers are estimated to have accounted for 62% of demand for tools in Fiscal 2023, as the industry witnessed strong demand growth from users. The key driving factor for tooling industry in the PV industry is the introduction of new models and updates on the existing models through facelifts. The plastic-processing industry, which accounts for a 11% share, also derives significant demand from the automobile industry, with increasing usage of plastic in automobiles. In the automobile sector, the shift to new emission norms, rising demand and an increase in product launches will lead to higher demand for tools, which could be increasingly met from commercial tool-room players. The trend towards indigenization of components by major automobile players will further aid demand.

Industry-wise demand share in Fiscal 2024



Note: Others includes medical equipment, industrial machinery, railways, metro coaches, construction & mining equipment
Source: TAGMA, CRISIL MI&A

Industry to gradually pick up pace from Fiscal 2025

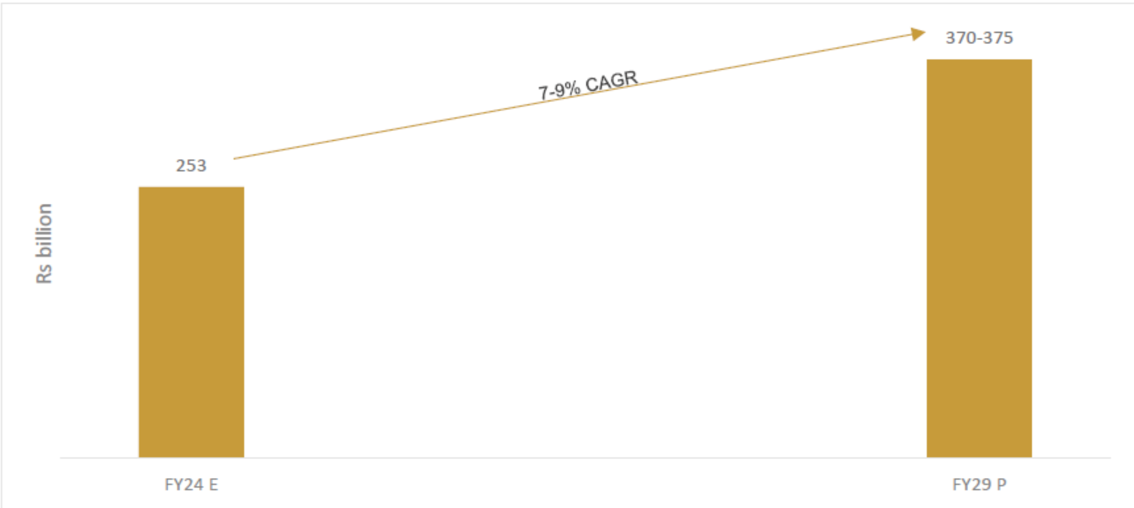
A tool room is integral to the manufacturing sector, and, hence, its fortunes are closely linked to the trajectory of the various industries.

The market size for Indian tool room industry is estimated to be approximately ₹253 billion in Fiscal 2024 and has grown by 3% to 4% between Fiscal 2019 and 2023. The subdued growth was primarily due to slowdown in automobile industry growth during Fiscals 2019 to 2021 period due to the pandemic. The automotive industry remains the key sector accounting for more than 60% of total demand. Sectors like defence, aerospace and medical equipment are gaining traction due to the growing trend of localization.

Almost 34% of the tooling demand is met through imports with approximately 80% of the imports from China, South Korea, Japan, and Taiwan. In the automotive sector, the EV start-ups are largely relying on a one-stop solution for all their tooling requirements and hence rely on imports as a blueprint solution, as they prefer one stop solution for all their components. The Indian tool room is slowly catching up to meet the requirements of the domestic customers, thus reflecting in the high growth for demand and reduction on imports. The push for localization from Indian OEMs have also helped in this.

However, over the next five years, the economy as well as demand for tools are forecast to gradually pick, with the market size of the tooling industry reaching ₹370 to ₹375 billion by Fiscal 2029, which is a 7% to 9% CAGR from Fiscal 2024 levels, driven by strong growth in end-use segments. Automotive, and general engineering segments are expected to be the fast-growing segments followed by plastics process, electrical and aerospace & defence. Also, given the rising number of new vehicles launches as well as increased frequency of launching latest modified versions of popular models, demand for newer tools and moulds is expected to outpace the automobile industry's demand, thus providing further thrust to the tooling industry. Demand from opening up of industries such as defence and aerospace, with conditions for local sourcing of components, is also expected to provide additional surge to tooling demand.

Domestic tool room and mould base demand trend



E: Estimated; P: Projected

Note: Includes tools, moulds, dies and fixtures

Source: CRISIL MI&A Consulting

Industry structure

As per the Tool and Gauge Manufacturers Association, there are more than 1,000 players in the tool room industry, of which approximately 85% are small and unorganised.

The tooling requirement is met through three sources – (i) captive tool room, (ii) commercial tool room, and (iii) imports. Many large manufacturing units have in-house tool room departments. Also, auto component and original equipment manufacturers mostly have captive tool rooms, and account for 5% share of the industry units. Commercial tool rooms ("**CTRs**") are independent units that cater to the tool room requirement of several industries. These players account for 50% of the units in the industry, and are mostly small to medium in size; there are nearly 100 CTR medium-scale manufacturers. The Indian CTR industry is concentrated in Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and the National Capital Region, owing to the presence of industries such as automobiles, auto components, plastics, and general engineering.

Nearly 45% to 50% of the tooling demand is met via CTR, while 30% to 35% tooling is done in captive units. The rest 15% to 20% is met via imports.

OUR BUSINESS

*To obtain a complete understanding of our business, investors should read this section in conjunction with "**Risk Factors**", "**Industry Overview**", "**Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 39, 117, 278 and 86, respectively, as well as the financial, statistical and other information contained in this Placement Document. Some of the information in the following section, especially information with respect to our plans and strategies, includes certain forward-looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" on page 19 for a discussion of the risks and uncertainties related to those statements, and also the "**Risk Factors**" on page 39 for a discussion of certain risks that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in, or implied by, forward-looking statements.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included in this section for as at and for the years ended March 31, 2022, 2023 and 2024 has been derived from our respective Fiscal 2022 Audited Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements. See, "**Financial Information**" beginning on page 278. Also, pursuant to a share purchase agreement dated December 29, 2022, our Company acquired 76.00% of the paid-up equity share capital of DR Axion India Private Limited ("**DR Axion**") which became our Subsidiary with effect from February 1, 2023 and therefore, DR Axion was consolidated with effect from February 1, 2023 for our Fiscal 2023 Audited Consolidated Financial Statements. Hence, our Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements are not directly comparable with Fiscal 2022 Audited Consolidated Financial Statements. See "**Presentation of Financial Information and Other Conventions**" on page 14 and "**Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information**" on page 91.*

Unless the context otherwise requires, references to "our Company" are to Craftsman Automation Limited on a standalone basis, while references to "we", "us" or "our" (including in the context of any financial or operational information) are to Craftsman Automation Limited, its Subsidiaries and Joint Venture on a consolidated basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Studying the automobile and automotive component business in India" dated May 2024 (the "**CRISIL Report**") prepared and issued by CRISIL Limited and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Issue. The data included herein and in the section "**Industry Overview**" includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation.* There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner *in the section "**Industry Overview**". Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular calendar year or Fiscal refers to such information for the relevant calendar year or Fiscal. Also, see "**Industry Overview**" on page 117. For further information, see "**Risk Factors – Certain sections of this Placement Document disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.**" and "**Industry and Market Data**" on pages 59 and 17, respectively.*

Overview

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments: (i) Powertrain Segment; (ii) Aluminium Products Segment; and (iii) Industrial & Engineering Segment. Our comprehensive suite of products and solutions encompass design, process engineering and manufacturing which includes foundry, heat treatment, fabrication, machining and assembly facilities.

- *Powertrain Segment*: Our key products consists of highly engineered engine products such as cylinder blocks, cylinder heads, camshafts, transmission parts, gear box housings, turbo chargers and bearing caps. These products are used by original equipment manufacturers ("**OEMs**") in the production of commercial vehicles, special utility vehicles, tractors and off-highway vehicles.

- *Aluminium Products Segment*: We offer a wide range of aluminium products and solutions for precision components. This segment is equipped with an array of processes including high pressure die casting, low pressure die casting and gravity die casting machines for components manufacturing as well as machining tools and assembly lines. Our key products in this segment consist of highly engineered products including crankcase and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles, gear box housing for heavy commercial vehicle and aluminium products for power transmission.

- *Industrial & Engineering Segment*: Our in-house engineering and design capabilities have enabled us to develop a diverse product portfolio in this segment under two distinct sub-segments:

  - *Product Manufacturing Sub-segment*: This comprises solutions for conventional and automated storage and manufacturing of material handling equipment such as hoists and crane kits. Our offerings under storage solutions encompass pallets, racking, shelving, vertical storage solutions tailored to various sectors such as fast-moving consumer goods, e-commerce, food and beverages, logistics, pharmaceutical and electronics.

  - *High end Components and Sub-assemblies Sub-segment*: Under this sub-segment, we manufacture high-end precision products such as industrial gear and gear boxes, marine engines and accessories, special purpose machines ("**SPM**") for metal cutting and non-metal applications such as washing and leak testing solutions, tool room, mould base and sheet metal and also undertake sub-assembly for third-parties.

The following table sets forth financial information regarding our business segments:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(in ₹ lakhs except percentages)		
Powertrain Segment[(3)]			
Segment Revenue	1,15,435	1,52,709	1,55,837
Segment EBIT[(1)]	30,374	38,204	29,163
Segment EBIT Margin[(2)]	26.31%	25.02%	18.71%
Aluminium Products Segment[(4)]			
Segment Revenue	55,201	93,461	2,15,361
Segment EBIT[(1)]	4,097	7,732	32,203
Segment EBIT Margin[(2)]	7.42%	8.27%	14.95%
Industrial & Engineering Segment[(4)]			
Segment Revenue	51,066	72,090	73,975
Segment EBIT[(1)]	3,780	6,722	4,935
Segment EBIT Margin[(2)]	7.40%	9.32%	6.67%

[(1)] *Segment EBIT refers to segment results (profit before interest, tax and other unallocable items).*

[(2)]*Segment EBIT Margin is calculated as Segment EBIT divided by Segment Revenue.*

[(3)] *In Fiscal 2024, considering the increased prospects from non-automotive powertrain products, we renamed "Automotive-Powertrain and Others Segment" as "Powertrain Segment". On account of the aforesaid, no adjustments were required in the comparable period financial information.*

[(4)] *In Fiscal 2023, we made changes to our segment reporting. Based on the benefits of synergy and usage of similar resources, we carved out the aluminium products from our Industrial & Engineering Segment and included within our Automotive - Aluminium Products Segment and renamed it as "Aluminium Products Segment". In light of the above, the financial information for Aluminium Products Segment and Industrial & Engineering Segments for Fiscal 2022 which have been included in Fiscal 2023 Audited Consolidated Financial Statements, was reclassified. Accordingly, the financial information above for Aluminium Products Segment and Industrial & Engineering Segment for Fiscal 2022 has been derived from the comparable financial information included for Fiscal 2022 in Fiscal 2023 Audited Consolidated Financial Statements. Further, below are the financial information for our Aluminium Products Segment and Industrial & Engineering Segment for Fiscal 2022 which are derived from Fiscal 2022 Audited Consolidated Financial Statement:*

- *Segment Revenue: Aluminium Products – ₹ 44,049 lakhs, Industrial & Engineering – ₹ 62,218 lakhs*
- *Segment EBIT: Aluminium Products – ₹ 954 lakhs, Industrial & Engineering – ₹ 6,923 lakhs*
- *Segment EBIT Margin: Aluminium Products – 2.17%, Industrial & Engineering – 11.13%*

We have long term relationships with several domestic and global OEMs and component manufacturers across our three business segments. A majority of our revenue from operations is generated from our OEM customers. We have also been recognized by customers for the quality of our products. For details of our recent awards, see "***-Awards and Recognitions***" on page 206. Our track record and extensive product portfolio have enabled us to retain existing customers and acquire new customers.

We operate 15 strategically located manufacturing facilities across eight cities in India, with a total built up area of over 1.80 million square feet. Some of these manufacturing facilities are located in close proximity to some of our customers, allowing us to meet their delivery schedules, provide logistical advantages to our customers, and insulate them from local supply or other disruptions. Our manufacturing facilities are equipped with advanced machinery and equipment, engineered layout with process controls and necessary automations to enhance quality and productivity.

Our manufacturing operations are conducted from facilities which are operated by us, allowing us to maintain quality control and safety throughout our manufacturing processes. We also have a wholly-owned overseas subsidiary, Craftsman Europe B.V. (*formerly known as Craftsman Marine B.V.*), incorporated in the Netherlands in 2008. Through this overseas subsidiary, we engage in marketing, sales and servicing of marine engines and other associated equipment used in yachts. These products, branded as 'Craftsman Marine', are manufactured and assembled by us in India and exported to expand our presence in the European market. As we have grown our operations, we have along the way entered into joint ventures, which have helped us gain access to new customers, business segments, geographies, expertise and technologies. Our joint venture Carl Stahl Craftsman Enterprises Private Limited, located in India, is engaged in marketing, installation, commissioning and rendering after-sales services for material handling equipment such as chain hoists, rope hoists and cranes kits. These products are manufactured by us under the name "Carl Stahl Craftsman". Further, we acquired 76.00% of the equity share capital of DR Axion with effect from February 1, 2023, which manufactures aluminium cylinder heads and blocks for passenger vehicles through gravity and low-pressure die castings. This acquisition has helped us strengthen our presence in the passenger vehicle segment, provide process synergies, access the customer base of DR Axion. and provide opportunities for us to enter the e-mobility solutions market for passenger vehicles.

Our Promoter and also our Chairman and Managing Director, Srinivasan Ravi, is a mechanical engineer and a first-generation entrepreneur with over 37 years of relevant industry experience. In addition, we have an experienced Board of Directors, comprising our Chairman and Managing Director, our Whole-time Director and four Independent Directors. Our Key Managerial Personnel and members of Senior Management have extensive experience including in operations, information technology, logistics, business, industrial engineering, administration and human resource development.

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased at a CAGR of 41.70% between Fiscal 2022 to Fiscal 2024 while our profit for the year increased at a CAGR of 43.82% between Fiscal 2022 and Fiscal 2024. The following table sets forth certain financial and other information for the years indicated:

Particulars	**As of/ for the year ended March 31,**		
	2022	**2023**	**2024**
Revenue from Operations (₹ lakhs)	2,21,702	3,18,260	4,45,173
EBITDA[(1)] (₹ lakhs)	54,194	69,663	89,692
EBITDA Margin[(2)] (%)	24.44%	21.89%	20.15%
Profit for the Year (₹ lakhs)	16,309	25,096	33,733
PAT Margin (%)	7.36%	7.89%	7.58%
Return on Capital Employed[(3)] (%)	20.59%	22.30%	21.58%
Return on Equity[(4)] (%)	15.49%	19.50%	21.15%
Net Debt[(5)]	67,212	1,10,538	1,46,341
Net Debt to EBITDA[(6)] (in times)	1.24	1.59	1.63
Debt to Equity Ratio[(7)] (in times)	0.63	0.80	0.88
Current Ratio[(8)] (in times)	1.05	1.20	1.16
Capital Expenditure[(9)] (₹ lakhs)	22,293	33,588	63,302
Capital Expenditure as a percentage of Revenue from Operations (%)	10.06%	10.55%	14.22%
Gross Block[(10)] (₹ lakhs)	2,50,309	3,13,033	3,73,924
Net Block[(11)] (₹ lakhs)	1,49,994	1,93,856	2,31,637
Interest Coverage Ratio[(12)] (in times)	6.43	5.79	5.14
Share Price (per Equity Share) (as on March 31 from NSE website) (₹)	2,358.40	3,255.30	4,314.90
Earning Per Share (₹)	77.19	117.56	144.11
Dividends for the Fiscal (₹ per Equity Share)	3.75	11.25	11.25

(1) *EBITDA is calculated as profit before tax plus finance costs and depreciation, amortization and impairment expense.*

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

(3) *Return on Capital Employed is calculated as EBIT divided by average capital employed. EBIT is calculated as profit before tax plus finance costs. Average capital employed is calculated as the average of opening and closing balance of capital employed and capital employed is calculated as total assets less current liabilities.*

(4) *Return on Equity is calculated as profit for the year divided by average shareholders' equity.*

(5) *Net Debt is calculated as total debt (sum of current borrowings and non-current borrowings) less cash and cash equivalents and other bank balances.*

(6) *Net Debt to EBITDA is calculated as Net Debt divided by EBITDA.*

(7) *Debt to Equity Ratio is calculated as total debt (sum of current borrowings and non-current borrowings) divided by total equity.*
(8) *Current Ratio is calculated as current assets divided by current liabilities.*
(9) *Capital Expenditure is calculated as property, plant and equipment additions plus other intangible assets additions and capital work in progress additions less capital work in progress disposals.*
(10) *Gross Block is calculated as property, plant and equipment gross block plus other intangible assets gross block and capital work in progress gross block.*
(11) *Net Block is calculated as property, plant and equipment plus capital work in progress and other intangible assets.*
(12) *Interest Coverage Ratio is calculated as EBITDA divided by finance costs.*

Strengths

Diversified engineering company with a focus on providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts

We are a diversified engineering company operating across three business segments: (a) Powertrain Segment, (b) Aluminium Products Segment, and (c) Industrial & Engineering Segment. We offer comprehensive one-stop solutions to our customers including design, process engineering and manufacturing with capabilities in foundry, heat treatment, fabrication, machining and assembly facilities. Our product range caters to a wide customer base across various industries such as commercial vehicles, two wheelers, tractors and other sectors. For example, we manufacture cylinder blocks, cylinder heads and transmission parts for tractors and trucks as well as crank cases for two wheelers. We pursue cross-selling opportunities across different business segments to add value for both, our existing and potential customers. This approach allows us to address complex customer requirements that demand expertise across multiple domains, expand our reach into different areas of our customers' businesses and enhance our capabilities to collaborate with OEMs in the early stages of product design.

Our diversified presence across various segments and strong design capabilities provide us with the flexibility to navigate through business cycles and mitigate industry fluctuations. For instance, our Powertrain Segment and Aluminium Products Segment have the capabilities to collaborate with the OEMs in designing new cylinder blocks and cylinder heads, design and manufacture requisite tooling for machining and manufacture new engine components such as jigs, fixtures, special tools and SPM. Similarly, in respect of aluminium components, we are equipped with high pressure die casting, low pressure die casting and gravity die casting machines to manufacture components, machining tools for machining and assembly lines. Our in-house tool room designs and manufactures dies for die casting activities and maintain these dies. With our experience in machining and manufacturing capacities, as well as the capital expenditure undertaken by us over the years, we have emerged as a one-stop-shop for our customers, with the ability to manufacture high quality, intricate and critical products and components, which may serve as an entry barrier for other manufacturers and OEMs that do not currently have such similar in-house engineering capabilities and manufacturing facilities.

Strong in-house process and product design capabilities with the ability to interchange capacity and product mix

We have presence across various levels of the component value chain, offering a wide range of products and services. These include product design, prototyping, tool development, manufacturing, assembly and production of integrated components, reducing or minimizing our use of, or reliance on, externally sourced components. Our approach involves engagement with customers from the early stages of product design, allowing us to develop extensive process and product design capabilities and domain knowledge, particularly for intricate, complex and highly critical automotive and non-automotive components, such as powertrain cylinder blocks and heads and camshafts. This approach enables us to meet customer specifications and provide quality products and service in a timely and cost-effective manner. We believe that our competitive edge stems from our presence across different levels of the component value chain and our design capabilities.

We focus on research and development, with an emphasis on continuous improvement in our products' performance, cost and reliability. We have developed a range of automatic and semi-automatic machines for assembly of parts as well as fail-safe control and monitoring systems. Our manufacturing automation teams integrate robots and gantry systems, assuring consistent quality and dependability. Our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products to our customers in accordance with their designs and specifications at a cost competitive manner.

We have leveraged our in-house engineering and design capabilities to develop a wide rang of product portfolio. This includes material handling equipment such as hoists, crane kits, industrial gears and gear boxes, storage solutions, marine engines and accessories, tool room, mould base products and SPM (which includes metal cutting and non- metal applications such as washing and leak testing solutions), which are available to us for our captive use and application as well, and support our contract manufacturing operations, while also reducing our reliance on third party component manufacturers or suppliers.

Our plant configurations are flexible, allowing us to relocate our machinery as needed to adjust capacity and product mix. This includes the ability to shift production lines between our different segments, based on customer demands and operational requirements. This flexibility enables us to offer a wide range of products and services to our customers across various industries in all three business segments, thereby optimizing our machine productivity, operational efficiency, time management and de-risking our business model.

Our delivery of high quality of products has led to receive various awards and accolades. For further details on our recent awards and accolades, see "*– Awards and Recognitions*" on page 206. Further, we are certified for international quality management systems such as ISO 9001:2015, ISO/TS 16949:2016, and ISO 14001:2015 by TUV Nord.

Long term relationships with domestic and global OEMs

We have established long-term relationships with several domestic and global OEMs, as well as component manufacturers, some of whom have been our customers for over 10 years. With our track record and wide product portfolio, we have been able to retain our existing customers and have also been able to attract new customers. Set forth below are the sales to our customers, segregated on the basis of the years of relationship with such customers:

Customers Relationship	Fiscal 2022	Fiscal 2023	Fiscal 2024
		(in ₹ lakhs)	
Up to five years	54,062	83,716	1,45,534
More than five years but less than 10 years	46,872	59,110	60,949
10 years and more	1,20,768	1,75,434	2,38,691

We have a consistent track record of acquiring new customers and expanding into different geographies. We are diversified across customers with our top 10 customers accounting for 58.13%, 56.80% and 67.42% of our revenue from operations in Fiscal 2022, 2023 and 2024, respectively. Our diversified engineering, comprehensive solutions and high quality, intricate and critical products, components and parts, process and product design capabilities have been critical in acquiring new customers and retaining existing customers. Our domestic and global OEM customers have stringent selection procedures and product specifications for procurement from third party suppliers such as us, including conducting audits, testing, trial runs, periodic reviews and inspections of our procurement, manufacturing, logistical and other capabilities and performance. Our track record of maintaining long term relationships with several such customers illustrates our commitment to meeting their requirements and delivering quality products and solutions. We believe that our long-term relationships with customers has been a key driver of our growth, allowing us to compete effectively with our competitors. We have the capability to develop products and solutions that meet our customers' designs and specifications, as well as the ability to cross sell multiple products to our customers to increase our wallet share with such customers.

Among the indicators of customer satisfaction and our commitment towards process and product excellence are the awards and accolades we have received from certain of our customers. We have been consistently recognized by customers for the high-quality of the products supplied by us. For further details on our recent awards and accolades, see "*– Awards and Recognitions*" on page 206.

Extensive manufacturing footprint, with strategically located manufacturing facilities.

We operate 15 strategically located manufacturing facilities across eight cities in India, with a total built up area of over 1.80 million square feet. Our manufacturing facilities are equipped with advanced machinery and some of our manufacturing facilities are located in close proximity to some of our customers to enable meeting our customers' delivery schedules, allowing logistical advantages for our customers, and insulate them from local supply or other disruptions. Our in-house engineering and design capabilities allow us to offer comprehensive solutions including design, process engineering and manufacturing including foundry, heat treatment, fabrication, machining and assembly to our long standing domestic and international customers.

Our flagship integrated facility is located at the outskirts of Coimbatore, Tamil Nadu. We also have two integrated facilities for aluminium pressure die casting, machining and SPM manufacturing at Bengaluru, Karnataka and two integrated facilities for machining and assembly each located at Pune, Maharashtra and Chennai, Tamil Nadu. Our other manufacturing facilities are satellite facilities located across automotive and engineering hubs in India and close to some of our customers' locations, including three manufacturing facilities located at Pune, Maharashtra, two manufacturing facilities located at Ballabgarh near Faridabad, Haryana, two manufacturing facilities located at Sriperumbudur, near Chennai, Tamil Nadu and three manufacturing facilities each located at Coimbatore, Tamil Nadu, Jamshedpur, Jharkhand, and Pithampur near Indore, Madhya Pradesh.

We have upgraded and continue to modernize, our manufacturing facilities, infrastructure, machines, equipment and technology to offer a diverse product suite, reduce operating costs and drive productivity. In Fiscal 2022, 2023 and 2024, our capital expenditure was ₹ 22,293 lakhs, ₹ 33,588 lakhs and ₹ 63,302 lakhs, respectively and as of March 31, 2022, 2023 and 2024, the Gross Block was ₹ 2,50,309 lakhs, ₹ 3,13,033 lakhs and ₹ 3,73,924 lakhs, respectively. These upgrades were undertaken to enhance our machining and manufacturing capacities to meet the growing demand for our Powertrain Segment, Aluminium Products Segment and Industrial & Engineering Segment from our customers.

Experienced management team supported by motivated and skilled work force.

We benefit from our strong management and technical teams, which include individuals with specialized training and extensive experience. In particular, our Promoter, Chairman and Managing Director, Srinivasan Ravi, is a mechanical engineer with over 38 years of relevant industry experience, and strong relationships with several key industry players. He has received various awards, including "Outstanding Citizen of Coimbatore Award" by Rotary Club of Coimbatore in 2018, "Entrepreneur of the Year 2015 Award" by Entrepreneurs' Organization, Coimbatore, "Outstanding Entrepreneur Achiever Award 2012" by Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore and "Best Entrepreneur Award" by Coimbatore Management Association in 2010.

In addition, we have an experienced Board of Directors, comprising our Chairman and Managing Director, a Whole-time Director and four Independent Directors. Our Key Managerial Personnel and Senior Management comprise members involved in operations, information technology, logistics, business, industrial engineering, administration and human resource development. For details of our Key Managerial Personnel and Senior Management, please see "***Board and Senior Management - Key Managerial Personnel***" and "***Board and Senior Management - Members of the Senior Management***" beginning on page 214.

Our Promoter's vision, strategic guidance, industry relationships and entrepreneurial ability and our Key Managerial Personnel and Senior Management's execution skills are supported by a large, motivated and skilled workforce. Our employees and apprentices benefit from regular in-house training initiatives and we also engage external consultants from time to time, to assist us in specific initiatives and functions. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. As on March 31, 2024, we had a large workforce of 206 management staff (manager and above grade), 2,294 permanent workmen, 229 apprentices and 1,566 contract workmen.

Strategies

Leverage vertically integrated manufacturing and engineering capabilities to capitalize on opportunities in our business segments

Our vertically integrated manufacturing and engineering capabilities enable us to capitalize on the growing opportunities and emerging trends in our industry. In line with this, we have divided our focus across three business segments.

Powertrain Segment: We intend to focus on manufacturing large engine parts for off-highway vehicles and industrial applications. This will allow us to tap into the growing need for high-performance powertrain components in various heavy-duty sectors.

Aluminium Products Segment: We intend to focus on manufacturing alloy wheels for passenger vehicles and two-wheelers to take advantage of the increasing demand for lightweight vehicles.

Industrial & Engineering Segment: We intend to focus on the precision machining of parts for windmill and capital goods such as high strength windmill parts and machine tool structural parts. In addition, we seek to increase our market share in the storage solutions business, where we intend to leverage our strong product development, designing, engineering and manufacturing capabilities along with our strong relationships with our existing customers. In particular, we intend to expand our presence in the automated storage system solutions which require high precision racking, which we are capable of providing from our manufacturing facility in Pune, Maharashtra.

Increase our wallet share by leveraging existing OEM relationships and cater to new businesses by adding new customers

We intend to strengthen our relationships with our existing customers and explore opportunities to grow along the value chain by expanding our existing products and solutions to increase our wallet share and to acquire new customers by developing products and solutions aligned with their needs. We will continue to evaluate emerging trends and identify new businesses which we believe would enable us to capitalize on early mover advantages in those businesses.

Within the Powertrain Segment and Aluminium Products Segment, our continued focus would be on the growing light and medium commercial vehicles, passenger vehicles and two wheeler segments. We intend to leverage our relationships with certain of our existing customers, and with some of whom we have enjoyed long-term relationships to grow our Aluminium Products Segment. Further, we seek to continue to explore opportunities that may arise from the Government's 'Make in India' initiative, fiscal and tax reform and other regulatory and policy support initiatives in India, which the Central and State Governments may announce and implement from time to time.

Continue to reduce operating costs and improve operational efficiencies

We intend to continue enhancing our operational efficiencies to increase economies of scale, lower our fixed and operating costs and strengthen our competitive position. We are also focused on improving capacity utilization at our manufacturing facilities by increasing our overall production volumes. Further, by leveraging our large size and scale, we intend to produce higher volumes of products from each of our manufacturing facilities and spread our fixed costs to reduce our production costs on a per unit basis, allowing us to reduce our unit sales price and increase our competitiveness. In the past, we implemented various manufacturing and cost reduction strategies to improve our operational efficiencies including through investments in our manufacturing facilities, infrastructure, machinery, equipment and technology. We believe these investments have enabled us to offer a diverse product range, reduce operating costs and drive productivity and scalability. In Fiscal 2022, 2023 and 2024, our capital expenditure was ₹ 22,293 lakhs, ₹ 33,588 lakhs and ₹ 63,302 lakhs, respectively.

We avail our fund-based and non-fund based facilities in the ordinary course of business from various banks and financial institutions. As part of our strategy, we intend to prepay/ repay, in full or part, of certain our outstanding indebtedness. This will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. For further details, see "***Use of Proceeds - Objects of the Issue - Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company***" on page 73.

Setting up of new manufacturing facilities

We operate 15 strategically located manufacturing facilities across eight cities in India. For further information, see *"– **Manufacturing Facilities**"* on page 204. We are in the process of setting up two new greenfield manufacturing facilities one each at Bhiwadi, Rajasthan and Kothavadi, Tamil Nadu. The manufacturing facility at Bhiwadi, Rajasthan will initially focus on manufacturing aluminium products, powertrains and structural parts, while the manufacturing facility at Kothavadi, Tamil Nadu will initially focus on manufacturing powertrains for off-highway and stationary engines, as well as industrial and engineering products for wind energy. The construction of both the Bhiwadi and Kothavadi facilities has been commenced. We have also received letter of intent from certain customers for certain products that will be manufactured at the aforesaid manufacturing facilities.

In addition, we are in the process of setting up a new manufacturing facility at Faridabad, Haryana for the production of certain products within our Powertrain Segment and we may set up a new manufacturing facility at Nagpur, Maharashtra.

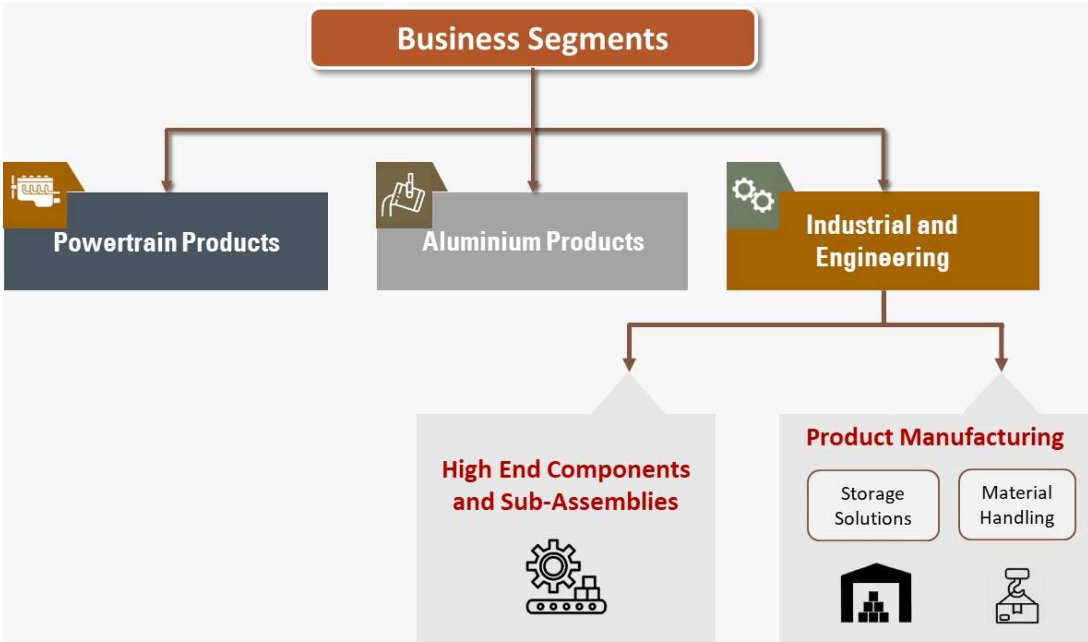
Inorganically grow our business offerings

We will continue to evaluate inorganic growth opportunities, in keeping with our strategy to grow our market share and develop new product categories. We may consider opportunities for inorganic growth, such as through mergers and acquisitions, business transfer or strategic investments, to acquire new customers, enter new markets, strengthen our position in our existing products and current markets, diversify our product portfolio, improve operational efficiency, and enhance our expertise and knowledge. For example, in February 2023, we acquired 76.00% of the total paid-up equity share capital of DR Axion, which is engaged in the manufacturing of aluminium cylinder heads and blocks for passenger vehicles through gravity and low-pressure die castings. This acquisition helped strengthen our presence in the passenger vehicle segment, providing access to gravity/ low pressure castings process as well as their customers and opportunities to enter the e-mobility solutions market for passenger vehicles. Further, pursuant to a share purchase agreement dated May 4, 2024, we intend to acquire the remaining 24.00% of the total paid-up equity share capital of DR Axion. For further details, see "***Use of Proceeds - Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary***" on page 78.

We intend to maintain a disciplined approach to acquisitions and consider various selection criteria such as skills of the management team, operation scale, technological capability, product portfolio, customer base and end market exposures. We believe that our long-standing customer relationships, financial strength and manufacturing capabilities will help us identify and secure appropriate opportunities in the future.

Our Business Segments

We have three business segments, namely, Powertrain Segment, Aluminium Products Segment, and Industrial & Engineering Segment. Our business segments are as set out below:



Powertrain Segment

Our products are highly engineered and require advanced manufacturing processes to maximize end user performance, with end users including OEMs producing commercial vehicles, special utility vehicles, tractors and off-highway vehicles. Our key products in this segment include engine parts such as cylinder block and cylinder head, camshafts, transmission parts, gear box housings, turbo charges and bearing caps. The capabilities we use in this segment include design and development, precision machining and assembly (including CNC machining, laser heat treatment, assembly and testing), and finishing.

The following table sets forth certain information relating to our installed capacity, actual production and capacity utilization of our manufacturing facilities for our Powertrain Segment as of/ for the years indicated below:

Location	As at/ for the year ended March 31, 2022			As at/ for the year ended March 31, 2023			As at/ for the year ended March 31, 2024		
	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)
Bengaluru, Karnataka	3,23,000	2,51,841	77.97%	2,23,000	1,56,447	70.16%	2,73,000	2,23,000	81.68%
Coimbatore, Tamil Nadu	37,78,000	32,94,983	87.22%	45,33,600	35,07,335	77.36%	41,25,000	25,28,000	61.28%

Location	As at/ for the year ended March 31, 2022			As at/ for the year ended March 31, 2023			As at/ for the year ended March 31, 2024		
	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)
Faridabad, Haryana	3,36,000	2,83,200	84.29%	3,77,500	3,34,000	88.48%	4,43,300	3,73,000	84.14%
Jamshedpur, Jharkhand	6,15,000	4,19,700	68.24%	6,15,000	5,13,000	83.41%	6,15,000	5,43,500	88.37%
Pithampur, Madhya Pradesh	4,95,000	4,26,939	86.25%	6,03,700	5,44,500	90.19%	6,33,800	5,55,900	87.71%
Pune, Maharashtra	11,60,500	9,28,430	80.00%	13,12,200	11,62,551	88.60%	14,70,000	13,36,600	90.93%
Sriperumbudur, Tamil Nadu	10,95,000	9,65,127	88.14%	11,73,600	9,79,329	83.45%	14,43,000	11,67,000	80.87%
Overall	**78,02,500**	**65,70,220**	**84.21%**	**88,38,600**	**71,97,162**	**81.43%**	**90,03,100**	**67,27,000**	**74.72%**

**As certified by Er. K. Sivakumar, Independent Chartered Engineer, by certificate dated June 11, 2024.*

(1)Installed capacity represents the installed capacity as of the last date of the relevant Fiscal. The installed capacity is based on various assumptions and estimates, including standard capacity calculation practice in the industry in which our Company and its Subsidiaries operate and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities include 25 working days in the relevant Fiscal, operating for 22.5 hours a day.

(2) Actual production represents quantum of production in the relevant manufacturing facility in the relevant period.

(3) Capacity utilization has been calculated on the basis of actual production in the relevant period divided by the installed capacity.

(4) The machines used in our operations have flexible capacity as they are general purpose machines that can be adjusted based on customer demand. Regular maintenance was scheduled for machine servicing, ensuring optimal functionality.

Aluminium Products Segment

Our key products include highly engineered products such as crank case and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles and gear box housing for heavy commercial vehicles. The capabilities we use in this segment include design and development, foundry and casting, precision machining and assembly (including CNC machining and testing) and finishing.

Under this segment, we also manufacture aluminium products for power transmission and our key products include machined casting for gas insulated sub-stations. The capabilities we use in for aluminium products for power transmission include design and development of castings, manufacturing of castings in our foundry facilities, precision machining and assembly and testing. Our aluminium products cater to power equipment manufacturers who in turn supply to power transmission and distribution utilities.

The following table sets forth certain information relating to our installed capacity, actual production and capacity utilization of our manufacturing facilities for our Aluminium Products Segment as of/ for the years indicated below:

Location	As at/ for the year ended March 31, 2022			As at/ for the year ended March 31, 2023			As at/ for the year ended March 31, 2024		
	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)	Installed Capacity (in MT) (1)	Actual Production(2)	Capacity Utilization (%)(3)
Bengaluru, Karnataka	10,840	6,432	59.34%	11,400	7,884	69.16%	11,400	9,235	81.01%
Coimbatore, Tamil Nadu	16,800	9,453	56.27%	26,400	10,516	39.83%	28,080	15,695	55.89%
Tiruvallur, Chennai, Tamil Nadu	-	-	-	5,400	3,778	69.96%	32,400	24,109	74.41%
Overall	**27,640**	**9,453**	**34.20%**	**43,200**	**22,178**	**51.34%**	**71,880**	**49,039**	**68.22%**

**As certified by Er. K. Sivakumar, Independent Chartered Engineer, by certificate dated June 11, 2024.*

(1)Installed capacity represents the installed capacity as of the last date of the relevant Fiscal. The installed capacity is based on various assumptions and estimates, including standard capacity calculation practice in the industry in which our Company and its Subsidiaries operate and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities include 25 working days in the relevant Fiscal, operating for 22.5 hours a day.

(2) Actual production represents quantum of production in the relevant manufacturing facility in the relevant period.

(3) Capacity utilization has been calculated on the basis of actual production in the relevant period divided by the installed capacity.

(4)In Fiscal 2023, installed capacity was increased in Bengaluru, Karnataka with the addition of die casting machines. In Fiscal 2023 and 2024, installed capacity was increased in Coimbatore, Tamil Nadu with the addition of die casting machines. Also, in Chennai, Tiruvallur, installed capacity was enhanced following the acquisition of DR Axion India Private Limited with effect from February 1, 2023.

Industrial & Engineering Segment

We have a diverse product portfolio in two distinct sub-segments: (i) the product manufacturing sub-segment; and (ii) the high end components and sub-assemblies sub-segment. The following table sets forth certain information relating to our installed capacity, actual production and capacity utilization of our certain products manufactured within our Industrial & Engineering segment as of/ for the years indicated below:

Products	**As at/ for the year ended March 31, 2022**			**As at/ for the year ended March 31, 2023**			**As at/ for the year ended March 31, 2024**		
	Installed Capacity [(1)]	**Actual Production [(2)]**	**Capacity Utilization (%)[(3)]**	**Installed Capacity [(1)]**	**Actual Production [(2)]**	**Capacity Utilization (%)[(3)]**	**Installed Capacity [(1)]**	**Actual Production [(2)]**	**Capacity Utilization (%)[(3)]**
Gear & Gear Box (in terms of numbers) – Unit III (Coimbatore)	74,400	62,000	83.33%	74,400	58,700	78.90%	74,400	53,200	71.51%
Toolrooms & Mouldbase (in terms of numbers) - Unit III (Coimbatore)	100	70	70.00%	100	77	77.00%	100	88	88.00%
SPM (in terms of numbers) - Unit III (Coimbatore)	55	41	74.55%	75	66	88.00%	75	67	89.33%
Hoist (in terms of numbers) – Unit III – (Coimbatore)	3,000	2,213	73.77%	3,000	2,248	74.93%	4,000	3,163	79.08%
Equipment (in terms of MT) - Unit III (Coimbatore)	7,320	5710	78.01%	7,800	6,335	81.22%	7,800	6,335	81.22%
Storage Solutions - Pune Unit 4 (in terms of MT)	30,000	23,400	78.00%	30,000	25,800	86.00%	34,000	27,200	80.00%
Total (in terms of numbers)	**77,555**	**64,324**	**82.94%**	**77,575**	**61,091**	**78.75%**	**78,575**	**56,518**	**71.93%**
Total (in terms of MT)	**37,320**	**29,110**	**78.00%**	**37,800**	**32,135**	**85.01%**	**41,800**	**33,535**	**80.23%**

**As certified by Er. K. Sivakumar, Independent Chartered Engineer, by certificate dated June 11, 2024.*

(1)Installed capacity represents the installed capacity as of the last date of the relevant Fiscal. The installed capacity is based on various assumptions and estimates, including standard capacity calculation practice in the industry in which our Company and its Subsidiaries operate and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities include 25 working days in the relevant Fiscal, operating for 22.5 hours a day.

(2) Actual production represents quantum of production in the relevant manufacturing facility in the relevant period.

(3) Capacity utilization has been calculated on the basis of actual production in the relevant period divided by the installed capacity.

Product Manufacturing Sub-Segment

This sub-segment comprises storage solutions for conventional and automated storage and manufacturing of material handling equipment such as hoists and crane kits.

- Storage Solutions: Our key products include stationary racking for warehouses, V-store, roll form products and Automated Storage and Retrieval Systems ("**ASRS**"). Our storage solutions cater to logistics, electronics, warehousing, manufacturing, retail and healthcare industries, with solutions ranging from selective pallet, pushback pallet, pallet gravity flow, or drive-through or cantilevered racking, mobile, sliding, multi-tiered, long-span, or boltless slotted shelving, mezzanine floors, compactors or collapsible storage, goods lifts, cold storage racks and modular solutions. Using our design and engineering capabilities, we have developed a vertical storage system with tray extractor arrangements operated by a console, marketed under the brand name V-Store.

- Material handling: Our key products include chain hoists, wire rope hoists, grab hoists, crane kits, light crane systems and pallet trucks. These products are used by process industries, automotive sector and foundries. The capabilities we use include design and development, foundry and casting, manufacture of gears, sheet metal fabrication and assembly and testing.

High-end Components and Sub-assemblies Sub-Segment

Under our high end components and sub-assemblies sub-segment, we manufacture high-end precision products such as industrial gear and gear boxes, marine engines and accessories, SPM for metal cutting and non-metal applications such as washing and leak testing solutions, tool room, mould base and sheet metal, and undertake sub-assembly for third-parties. This sub-segment involves high level of design engineering and a complex production system which involves design and development, foundry and casting, sheet metal fabrication, precision machining and assembly, finishing and testing.

- Industrial Gear and Gear Boxes: Our key products include transmission and housing components. These products cater to elevators, metro transportation, compressor manufacturers, printing machines, automobiles and steel rolling mills. The capabilities we use include design and development of gear and gear boxes, heat treatment, hobbing, grinding, precision machining and assembly and testing.

- Marine engine and accessories: Our key products include engine, panel assembly, bow thrusters. These products cater to leisure boat.

- SPM: Our key products include metal cutting machines, drilling machines, milling machines and other SPMs such as leak testing machines, nut runners, industrial washing machines and supply conveyors. These machines are primarily used by automobile companies. The capabilities we use include design and development of machines, vendor development of casting, bought-out components and electronic sub-assemblies, sheet metal fabrication, heavy duty and precision machining and assembly, testing and on-site installation.

- Tool room, mould base and sheet metal: Our key products and services include mould base, sheet metal casing and housings. These products cater to diversified industries including engineering and automotive sector. The capabilities we use include design and development, heavy duty precision machining and assembly (including CNC machining, laser heat treatment, assembly and testing), sheet metal fabrication, welding, painting and finishing.

Manufacturing Facilities

** Map not to scale*

We operate 15 strategically located manufacturing facilities across eight cities in India, with a total built up area of over 1.80 million square feet. Our manufacturing facilities are equipped with advanced machinery, including imported CNC machine tools and die casting machines and certain of our manufacturing facilities are located close to the premises of our key customers to enable meeting our customers' delivery schedules, allow logistical advantages for our customers, and to insulate them from local supply or other disruptions. The following table sets out certain details of our manufacturing facilities:

S. No.	Facility location	Capabilities/ Divisions		Leased/owned	Year of Commissioning
A.					Flagship Facility
1.	Arasur, Coimbatore	1.	Power train products;	Owned	2003
		2.	Gears and gearboxes;		
		3.	Tool room and mould base;		
		4.	Special machines manufacturing;		
		5.	Material lifting products;		
		6.	Aluminium pressure die casting foundry (high pressure die casting, low pressure die casting and gravity die casting);		

S. No. A.	Facility location	Capabilities/ Divisions	Leased/owned	Year of Commissioning Flagship Facility
		7. Aluminium sand foundry		
		8. High end sub-assemblies;		
		9. Precision Heavy parts;		
		10. Storage products;		
		11. Jigs and fixtures;		
		12. Equipment (sheet metal fabrication and storage);		
		13. Marine engines and products; and		
		14. Industrial aluminium products (power transmission, railway, oil and gas, and other industrial products)		
B.				**Integrated Facilities**
1.	Pimple Jagtap, Pune - IV	1. Storage products; and	Leased	2018
		2. Machining and assembly		
2.	Bengaluru – II	1. Special machines manufacturing	Leased	2019
3.	Bengaluru – I	1. Pressure die casting foundry; and	Leased	2015
		2. Machining and assembly		
C.				**Satellite Facilities**
1.	Kurichi, Coimbatore	Aluminium foundry	Owned/	2001
			Leased	
2.	Sanaswadi, Pune - II	Machining and assembly	Leased	2014
3.	Sanaswadi, Pune - III	Machining and assembly	Leased	2011
4.	Ballabgarh, Faridabad - I	Machining and assembly	Leased	2011
5.	Ballabgarh, Faridabad - II	Machining and assembly	Leased	2018
6.	Sriperumbudur	Machining and assembly	Leased	2010
7.	Jamshedpur	Machining and assembly	Leased	2007
8.	Pithampur	Machining and assembly	Leased	2005
9.	Sanaswadi, Pune - V	Machining and assembly	Leased	2022
10.	DR Axion, Tiruvallur, Chennai	Machining and Aluminium Foundry	Owned	2023
11.	Sriperumbudur - III	Machining and assembly	Leased	2024

Quality Assurance

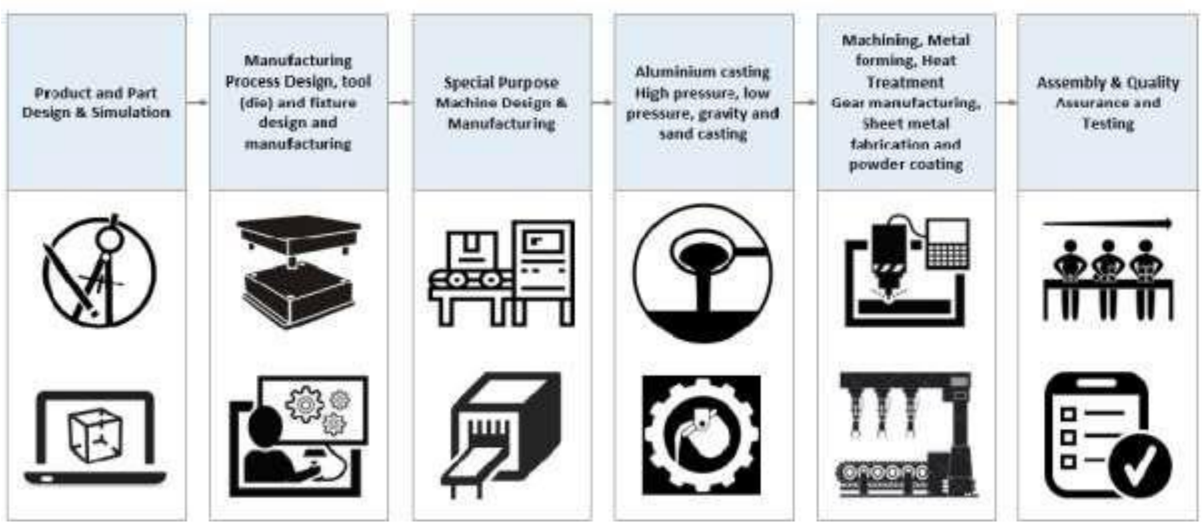
We are certified for international quality management systems such as ISO 9001:2015, ISO/TS 16949:2016, SO 14001:2015 by TUV Nord.

Manufacturing Processes and capabilities

Our manufacturing facilities configuration is flexible and our machinery are equipped for both individual and diversified processes, and their fungibility enables us to deploy them in an optimum manner to suit the customer's preferences and evolving requirements. Most of our machinery with change in attachments such as jigs, fixtures and tools are capable of being used interchangeably for either of our business segments, depending on the demand for products under each business segment. This enables us to optimize our machine tool productivity, operational efficiency, time management and de-risking our business model. We have dedicated production lines from time to time, based on the size and frequency of the orders of our customers. In case of items of mass production, we have installed SPMs to increase productivity.

We have internal quality control processes, which monitors the raw material, process and the end product quality. The quality control facility includes equipment like helium leak test machines for checking the quality of aluminium castings. We also have facilities to regrind our tools, which aids in reducing the tooling costs.

Our manufacturing process is as set out below:



Raw Materials and Procurement

We do not typically enter into long-term contracts with our suppliers. We primarily purchase aluminium ingots, as well as steel, castings and other raw materials from our suppliers. For the product sales component of our business, we procure the raw materials at our own cost while for the services sales component of our business, our customers supply the raw material requirements for the product and we are only engaged in providing machining services.

Power

While we rely on the state electricity grids for meeting our power requirements, we also have group captive power arrangements in Tamil Nadu at negotiated rates, and diesel generation sets for standby supply. We also entered into contracts for the purchase of interstate power from power exchange. We have backup facilities to ensure transition between grid supply and diesel generation sets, to avoid production disruption due to power outages. Further, in order to mitigate the impact of power outages from the state electricity supply, we are transitioning from relying on regular power lines to establishing dedicated power lines for our operations. Also, we have connected our machines with industrial UPS system to avoid production loss during power cut and changeovers, thus avoiding machine stoppages and breakdowns.

Sales and Marketing

Sales and marketing for our Powertrain Segment and Aluminium Products Segment are business-to-business oriented and dependent on our long term relationships with OEMs and is primarily handled by our senior management, who have experience in understanding customer relationships. For our storage solutions within the Industrial & Engineering Segment, which is a customer oriented business, we have a marketing and business development team.

Our sales teams and key account managers are responsible for growing our relationships with key customers and developing strategies to ensure that we are engaging in projects and developing that align with the market trends and our business strategy.

Awards and Recognitions

Our awards and accolades include “Special Appreciation Award – Scorpio-N” and Annual Commodity Award – Casting & Forging – Automotive Divisions by Mahindra & Mahindra at the Mahindra Special Excellence Awards in 2024, “Appreciation Award for the Service towards Construction of the Aurolab Warehouse, Madurai” by Aurolab Warehouse in 2023, “Agility - Going Extra Mile” award by Tata Motors at its annual supplier conference in 2023, “Special Appreciation Award – Mahindra YUVO TECH+”, “Special Appreciation Award – XUV 700”, “Annual Commodity Award – Casting – Farm Division” and “Best Quality Performance – Farm Division” by Mahindra & Mahindra, “Significant Contribution Award” by NDR VANSHIL, “Partner in Success Award – FY

2022" by Walvoil Fluid Power in 2022 and "Appreciation Award – FY Vital Support Reaching 200K Tractors Milestone" by John Deere in 2022.

Human Resources

Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. Recruitment of personnel in different categories is carried out by our human resources department. The following table illustrates the breakdown of the numbers of our workforce by function:

Function	As of March 31, 2024
Management staff (manager and above grade)	206
Permanent workmen	2,294
Apprentices	229
Contract workmen	1,566

Information Technology

Our IT systems are vital to our business. We implemented the Oracle E Business Suite which covers key areas of our operations, procurement, inventory, sales and dispatch and accounting. It encompasses all materials management, including procurement, bill of material, inventory finance and accounts and sales order and invoicing management. We have developed in-house application software for human resource management, drawing maintenance, calibration and exports documentation. We also have installed Computer Aided Design ("**CAD**") software which aid in design, development and prototyping. We aim to upgrade our systems to ensure efficiency and reduce redundancies. The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements. For network security, we maintain four levels of protection for our data centre constructed by our service provider. We have taken necessary measures for ensuring cyber security, data protection from virus attacks and hacking and disaster recovery servers and systems for data retrieval and business continuity. Further, we have CCTV centralised control room to monitor all our manufacturing facilities. Further, we implemented an advanced shipment notice system that enables automated updating of our inventory whenever raw materials are received from suppliers.

Also, see "***Risk Factors - Failure or disruption of our IT systems may adversely affect our business, financial condition, results of operations and prospects.*"** on page 57.

Insurance

We maintain insurance cover for our properties and assets, standard fire, stock fire, marine cargo, burglary, health, money insurance, accident, product recall liability, machinery breakdown, public liability, future service liabilities, employee compensation, group personal accident and group health insurance policies. We also maintain a directors' and officers' liability insurance policy for all our Directors.

Also, see "***Risk Factors – Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our results of operations, financial condition and cash flows.***" on page 55.

Properties

The Registered Office of our Company is located at 123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India, which is owned by our Company. The Corporate Office of our Company is located at Krishna Towers, 4th and 5th floor, 1087 Avinashi Road, Coimbatore 641 037, Tamil Nadu, India which is on a lease-hold basis.

Except for certain portion of our manufacturing facilities at Arasur and Kurichi at Coimbatore and Tiruvallur at Chennai in Tamil Nadu, which are owned, and our manufacturing facilities at Sriperumbudur near Chennai in Tamil Nadu, Nagpur in Maharashtra, Pithampur near Indore in Madhya Pradesh, and Jamshedpur in Jharkhand, which are under long term lease from the respective state industrial development corporations, all of our manufacturing facilities are on leasehold basis. Also see, "***- Manufacturing Facilities***" on page 204.

In addition, we are in the process of setting up two new greenfield manufacturing facilities each at Bhiwadi, Rajasthan and Kothavadi, Tamil Nadu. The land for our Kothavadi facility is owned by us while the land for our Bhiwadi facility has been allotted by a state-owned industrial development corporations.

We are in the process of setting up a new manufacturing facility in Faridabad, Haryana and may set up a new manufacturing facility in Nagpur, Maharashtra. The land for our Faridabad facility is currently held on a leasehold basis while the land for Nagpur facility is yet to be finalised.

Further, we have a marketing and product development office at Chennai, Tamil Nadu which is on leasehold basis and we own two land parcels each in Faridabad and Ooty. In addition, our Subsidiary DR Axion has four warehouses, of which, two have been leased by our Company to DR Axion and the other two warehouses have been leased by third-parties.

Intellectual property

Our Company has registered “ Craftsman ” under classes 6, 7 and 12. We own a registered trademark “ WWW.CRAFTSMANAUTOMATION.COM ” for our website under classes 6 and 12. Our Company has registered Craftsman under classes 6, 9, 20 and 22 and VSTORE under classes 6, 9 and 20 as our trademarks. Furthermore, our Company has registered a trademark on words “Craftsman Storage Systems” in Singapore and UAE under clause 6 and has also applied to the relevant trademark registry authority in Thailand for the registration of the trademark on the words “Craftsman Storage Systems” under various classes, which are currently pending registration.

In addition, we have registered certain designs for ASRS Machines under suitable classes in India. We have also applied for certain patents for a variety of products related to automation and storage systems and trademarks for our logos that are currently pending registration, two of which have been opposed or objected to. For further details, see “***Risk Factors - Any failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and results of operation”*** on page 56**.**

Corporate Social Responsibility (“CSR”)

Our CSR initiatives are aligned with the requirements under the Companies Act 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. We strive to meet our commitment towards the community by committing our resources and energies to social development. Our focus areas include education, environment, health and sports promotion.

Competition

We face competition from competitors both domestically and internationally, in relation to specific sectors, segments, sub-segments or geographies. The key factors of competition may include quality, cost, delivery, technical capability, level of vertical or horizontal integration, and quality of management. Consequently, we do not have a single competitor across all our product ranges. Also see, “***Industry Overview***” on page 117.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Under our Articles of Association, our Board shall comprise not less than three Directors and not more than fifteen Directors. As on the date of this Placement Document, we have six Directors on our Board, comprising Chairman and Managing Director, a Whole-time Director and four Independent Directors. Further, we have two woman Directors on our Board. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth the details regarding our Board of Directors as on the date of this Placement Document:

Name, Address, Occupation, Term, Nationality and DIN	Age	Designation
Srinivasan Ravi *Address:* 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India *Occupation*: Business s *Nationality:* Indian *Term:* Re-appointed for a term of five years from October 1, 2021, liable to retire by rotation *Period of Directorship:* Director since incorporation *DIN:* 01257716	61 years	Chairman and Managing Director
Ravi Gauthamram *Address:* 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India *Occupation*: Business *Nationality:* Indian *Term:* Re-appointed for a term of five years from October 1, 2021, liable to retire by rotation *Period of Directorship:* Director since February 20, 2014. *DIN:* 06789004	36 years	Whole Time Director
Sundararaman Kalyanaraman *Address:* S-31, Water Tank Road, Kirloskar Colony, 3rd Stage, Basaveshwaranagar, Bengaluru North, Bengaluru 560 079, Karnataka, India *Occupation*: Professional *Nationality:* Indian *Period of Directorship:* Director since June 30, 2017 *Term:* Re-appointed for a term of five years from May 24, 2023 *DIN: 01252878*	74 years	Independent Director
Vijaya Sampath *Address:* Flat No – 403, Block-14, Meharuli Gurgaon Road, Heritage City, Gurgaon 122 002, Haryana, India *Occupation*: Advocate	71 years	Independent Director

Name, Address, Occupation, Term, Nationality and DIN	Age	Designation
Nationality: Indian *Term:* Re-appointed for a term of five years from May 24, 2023 *Period of Directorship:* Director since April 30, 2018 *DIN:* 00641110		
Tamraparni Srinivasan Venkata Rajagopal *Address:* 35, Kalingarayar street, Ramnagar, Coimbatore South, Coimbatore 641 009, Tamil Nadu, India *Occupation*: Practicing Chartered Accountant *Nationality:* Indian *Term:* Five years with effect from March 19, 2022 *Period of Directorship:* Director since March 19, 2022 *DIN:* 07148250	57 years	Independent Director
Rajeswari Karthigeyan *Address:* Karthigeyan, G406, Casagrand Bellissimo, Kannan colony, Alandur, Kancheepuram, Chennai 600 016, Tamil Nadu, India *Occupation*: Consultant *Nationality:* Indian *Term:* Five years with effect from March 6, 2023 *Period of Directorship:* Director since March 6, 2023 *DIN: 10051618*	53 years	Independent Director

Relationship with other Directors

Except for Ravi Gauthamram, our Whole time Director who is the son of Srinivasan Ravi, our Chairman and Managing Director, none of our Directors are related to each other.

Borrowing powers of our Board

Pursuant to our Articles of Association, subject to the provisions of the Companies Act 2013 and other applicable laws and pursuant to the resolution passed by the shareholders of our Company on April 30, 2018, our Board has been authorised to borrow, from time to time, any sum or sums of money, as may, in the opinion of the Board, be required to be borrowed by our Company notwithstanding that the monies already borrowed by our Company (apart from temporary loans obtained and/or to be obtained from our Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of our Company and its free reserves, provided that the total monies borrowed by our Company and outstanding at any point of time for the principal amounts of loan borrowed (apart from temporary loans obtained and/or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the sum of ₹1,50,000 lakhs.

Interest of our Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. For further information, see "- ***Remuneration of Directors***" beginning on page 211.

Our Directors may also be interested (i) to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoter, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, *karta*, ventures, trusts in which they are interested as Promoter, Directors, partners, proprietors, members or trustees, pursuant to the Issue; and (ii) their directorship on the board of directors of, and/or their shareholding in our Subsidiaries, as applicable. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares. For further information regarding the shareholding of our Directors, see "***Shareholding of our Directors***" on page 211.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

None of our Directors has been declared as Wilful Defaulters.

Interest in land and property

Our Directors are not interested in any property acquired of or by our Company or presently intended to be acquired of it or by it.

None of our Directors has any interests in any transaction by our Company for acquisition of land, construction of building and supply of machinery.

Interest in promotion or formation of our Company

Except Srinivasan Ravi, our Promoter and our Chairman and Managing Director, and Ravi Gauthamram, one of the members of the Promoter Group and our Whole-time Director, our Directors have no interest in the promotion or formation of our Company, as on the date of this Placement Document.

Except as stated in "***Financial Information***" on page 278, and as disclosed in this section, our Directors do not have any other interest in the business of our Company.

Our Company has not availed any loans from any of our Directors. Furthermore, our Directors have not taken any loans from our Company.

Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any qualification shares.

As on the date of this Placement Document, our Directors hold the following number of the Equity Shares:

Names of Directors	Number of Equity Shares	Percentage of shareholding (%)
Equity Shares		
Srinivasan Ravi	1,05,00,000	49.70
Ravi Gauthamram	200	Negligible

Remuneration of Directors

The Nomination and Remuneration Committee determines and recommends to our Board the compensation payable to our Directors. Our Board and/or the Shareholders, as the case may be, approves such compensation to Directors.

Pursuant to a resolution passed by our Board of Directors dated December 9, 2020, our Company is required to pay to each of the Independent Directors, ₹50,000 for attending each meeting of our Board, and ₹35,000 for attending the meetings of each of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Risk Management Committee of our Board. In addition to the sitting fee, pursuant to the resolution passed in the 36th Annual General Meeting of our Shareholders, the payment of commission to our non-executive Directors was revised wherein from Fiscal 2023, each non-executive Directors became eligible for commission of ₹9,00,000 per annum. Moreover, the Nomination and Remuneration Committee and our Board can determine the amount of commission payable to each of the non-executive Directors year-on-year up to a maximum amount of ₹20,00,000 per annum.

The table below sets forth the remuneration paid to our existing Chairman and Managing Director and Whole-time Director, including any commission, for the last three Fiscals:

(₹ in lakhs)

Name	Designation	Fiscal 2022 (₹)	Fiscal 2023 (₹)	Fiscal 2024 (₹)
Srinivasan Ravi	Chairman and Managing Director	967.49	1,346.35	1,064.02
Ravi Gauthamram	Whole Time Director	204.60	450.27	355.75

The table below sets forth the details of the remuneration (including sitting fees and commission) paid to our Independent Directors for the last three Fiscals:

(₹ in lakhs)

Name	Designation	Fiscal 2022 (₹)	Fiscal 2023 (₹)	Fiscal 2024 (₹)
Sundararaman Kalyanaraman	Independent Director	12.15	12.50	15.00
Vijaya Sampath	Independent Director	11.10	11.45	14.30
Tamraparni Srinivasan Venkata Rajagopal	Independent Director	0.50	4.97	14.30
Rajeswari Karthigeyan	Independent Director	NA	0.50	4.54

Terms and conditions of employment of our Chairman and Managing Director and our Whole-time Director

Srinivasan Ravi, Chairman and Managing Director

Srinivasan Ravi has been re-appointed as our Chairman and Managing Director for a period of five consecutive years commencing from October 1, 2021 pursuant to the meeting of our Board of Directors held on May 5, 2021, and the meeting of our Shareholders held on June 21, 2021. He is entitled to a fixed salary in the range of ₹30,00,000 to ₹45,00,000 per month and he currently receives ₹45,00,000 per month.

In addition to the fixed salary set out above, when profits of our Company are adequate he is entitled to the following:

1. Leave travel allowance for self, spouse, dependent children and parents up to 12% of the salary;

2. Commission of such amount which is a value of 7.5% of the profits of our Company computed in accordance with Section 198 of the Companies Act, 2013 and deducting from such value, (a) the fixed salary indicated above; and (b) value of the perquisites indicated in paragraph 1 above to the extent actually availed by him. However, Mr. Srinivasan Ravi, pursuant to his letter dated July 14, 2021, had informed the Company about his decision to voluntarily cap the commission payable to 50% of limits approved by the Shareholders at the Annual General Meeting of the Company held on June 21, 2021 with effect from April 1, 2021 till September 30, 2026;

3. In addition to the above, Srinivasan Ravi is also entitled to the following:

    (a) Our Company's contribution to provident fund not exceeding 12% of the salary, superannuation fund and annuity fund, if any;

    (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

    (c) Encashment of leave at the end of the tenure.

Further, in case of inadequacy of profits or no profits, Srinivasan Ravi shall be entitled to consolidated remuneration of ₹30,00,000 per month and such remuneration shall remain in force for a period of three years commencing from the year our Company has inadequacy of profits or reports loss, within the overall tenure of five years.

Ravi Gauthamram, Whole time Director

Ravi Gauthamram has been re-appointed as our Whole-time Director for a period of five consecutive years commencing from October 1, 2021 pursuant to the meeting of our Board of Directors held on May 5, 2021 and the meeting of our Shareholders held on June 21, 2021. He is entitled to a fixed salary in the range of ₹ 5,00,000 to ₹7,50,000 per month and he currently receives ₹7,50,000 per month.

In addition to the salary set out above, when profits of our Company are adequate he is entitled to the following:

1. Leave travel allowance for self, spouse, dependent children and parents up to 12% of the salary;

2. Commission of such amount which is a value of 2.5% of the profits of our Company computed in accordance with Section 198 of the Companies Act, 2013 and deducting from such value, (a) the fixed salary indicated above; and (b) value of the perquisites indicated in paragraph 1 above to the extent actually availed by him However, Mr. Ravi Gauthamram, pursuant to his letter dated July 14, 2021 had informed the Company about his decision to voluntarily cap the commission payable to 50% of limits approved by the Shareholders at the Annual General Meeting of the Company held on June 21, 2021 with effect from April 1, 2021 till September 30, 2026;

3. In addition to the above, Ravi Gauthamram is also entitled to the following:

   (a) Our Company's contribution to provident fund not exceeding 12% of the salary, superannuation fund and annuity fund, if any;

   (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

   (c) Encashment of leave at the end of the tenure.

Further, in case of inadequacy of profits or no profits, Srinivasan Ravi shall be entitled to consolidated remuneration of ₹5,00,000 per month and such remuneration shall remain in force for a period of three years commencing from the year our Company has inadequacy of profits or reports loss, within the overall tenure of five years.

There is no contingent or deferred compensation payable for Fiscal 2024 to Chairman and Managing Director and Whole-time Director.

Bonus or profit-sharing plan of the Directors

Except as stated in "– ***Terms and conditions of employment of our Chairman and Managing Director and Whole-Time Director***" above, our Company does not have any bonus or profit-sharing plan with our Directors.

Service contracts with Directors

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment.

Corporate Governance

Our Company is in compliance with the requirements of applicable law, including the Companies Act, 2013 and the SEBI Listing Regulations in respect of corporate governance, including constitution of our Board and committees thereof. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

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: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; and (v) Corporate Social Responsibility Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

Committee	Name and Designation of the Members
Audit Committee	Tamraparni Srinivasan Venkata Rajagopal (*Chairperson*)
	Sundararaman Kalyanaraman (*Member*)
	Vijaya Sampath (*Member*)
	Rajeswari Karthigeyan (*Member*)

Committee	Name and Designation of the Members
Nomination and Remuneration Committee	Vijaya Sampath (*Chairperson*)
	Sundararaman Kalyanaraman (*Member*)
	Tamraparni Srinivasan Venkata Rajagopal (*Member*)
Stakeholders' Relationship Committee	Sundararaman Kalyanaraman (*Chairperson*)
	Srinivasan Ravi (*Member*)
	Rajeswari Karthigeyan (*Member*)
Risk Management Committee	Srinivasan Ravi (*Chairperson*)
	Ravi Gautham ram (*Member*)
	Sundararaman Kalyanaraman (*Member*)
	CB Chandrasekar (*Member*)
	D Thiyagaraj (*Permanent invitee*)
	Srivardhan Krishnakumar (*Permanent invitee*)
	V Kumaravel (*Permanent invitee*)
	V Ravi Shankar (*Permanent invitee*)
Corporate Social Responsibility Committee	Srinivasan Ravi (*Chairperson*)
	Tamraparni Srinivasan Venkata Rajagopal (*Member*)
	Vijaya Sampath (*Member*)

Key Managerial Personnel

All our Key Managerial Personnel, except C.B. Chandrasekar, the Chief Financial Officer of our Company, are permanent employees of our Company.

In addition to Srinivasan Ravi, the Chairman and Managing Director and Ravi Gauthamram, our Whole time Director, the details of our other Key Managerial Personnel in terms of the Companies Act, 2013 and the SEBI ICDR Regulations, as on the date of this Placement Document, are set out below:

Sr No.	Name	Designation
1.	C.B. Chandrasekar	Chief Financial Officer
2.	Shainshad Aduvanni	Company Secretary and Compliance Officer
3.	D Thiyagaraj	Chief operating officer – Auto powertrain division

Members of the Senior Management

All of our members of Senior Management, except Srivardhan Krishnakumar, Manisekaran A, M Sampath Kumar, Ravi Shankar V and Mohanakrishnan R, are permanent employees of our Company.

The details of the members of the Senior Management of our Company as on the date of this Placement Document, are set out below:

Sr No.	Name	Designation
1.	Srivardhan Krishnakumar	Chief operating officer – Auto aluminum division
2.	Manisekaran A	Vice president – information technology
3.	M Sampath Kumar	Plant director
4.	Ravi Shankar V	Chief operating officer-storage division
5.	Mohanakrishnan R	Vice president- administration and human resource development
6.	Girish Kumar J	National head- Industrial & warehousing storage systems
7.	Deepak Bhoi	Vice president – operations foundry
8.	V Kumaravel	Vice president – operations – industrial engineering & engineering service department
9.	Shakti Choube	Senior vice president & business head- intralogistics automation

Shareholding of our Key Managerial Personnel and Senior Management

Except as disclosed below and above in "– ***Shareholding of our Directors***" on page 211, as on the date of this Placement Document, the Key Managerial Personnel and members of the Senior Management do not hold any Equity Shares in our Company:

Name	Number of Equity Shares	Percentage shareholding (%)
Key Managerial Personnel		
C.B. Chandrasekar	50	Negligible
D Thiyagaraj	799	Negligible
Senior Management		
Srivardhan Krishnakumar	74	Negligible
Manisekaran A	1,500	Negligible
Ravi Shankar V	100	Negligible
Mohanakrishnan R	470	Negligible
Girish Kumar J	254	Negligible
Deepak Bhoi	225	Negligible

Relationship amongst our Key Managerial Personnel and Senior Management and Directors

Except as disclosed in *"– **Relationship with other Directors**"* on page 210, none of our Key Managerial Personnel or members of the Senior Management are related to each other or to the Directors.

Interest of Key Managerial Personnel and Senior Management

Other than as disclosed in the *"**– Interest of our Directors**"* on page 210, our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration, or benefits to which they are entitled as per their terms of appointment, to the extent of reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them or their dependents in our Company, if any. The Key Managerial Personnel and members of the Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and members of Senior Management was selected as a key managerial personnel or member of senior management.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, as per the requirements under Ind AS 24 – Related Party Transactions, see "***Related Party Transactions***" on page 38.

Other confirmations

None of the Directors, Promoter or Key Managerial Personnel or members of Senior Management of our Company has 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 interests of other persons.

Our Promoter, Directors, Key Managerial Personnel and members of Senior Management do not intend to subscribe to and will not participate in the Issue.

Neither our Company, nor any of our Directors or Promoter have been declared as a Wilful Defaulter or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the Reserve Bank of India as defined under SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoter are debarred from accessing capital markets under any order or direction made by SEBI.

None of our Directors or Promoter have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

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

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to us and our employees and requires us to formulate and implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the same and has implemented an insider trading code of conduct namely the “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information” for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, Shainshad Aduvanni, 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.

ORGANIZATIONAL STRUCTURE

Corporate History

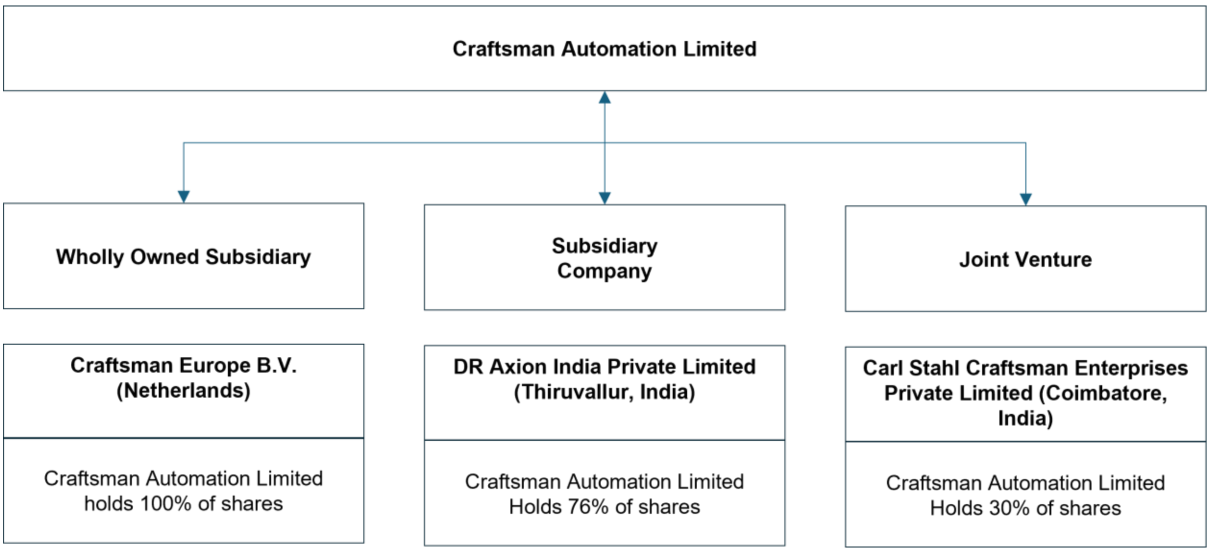
Our Company was incorporated as "Craftsman Automation Private Limited" on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Tamil Nadu at Madras. Pursuant to the conversion of our Company to a public limited company and as approved by the Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the RoC issued a fresh certificate of incorporation dated May 4, 2018.

The Equity Shares are listed on BSE and NSE since March 25, 2021.

Our Company's CIN is L28991TZ1986PLC001816.

Organizational Structure

The organizational structure of our Company as on the date of this Placement Document is as follows:



Subsidiaries

As on the date of this Placement Document, our Company has two Subsidiaries brief details of which are set forth below:

1. Craftsman Europe B.V.

Craftsman Europe B.V. *(formerly known as Craftsman Marine B.V)* was incorporated on June 3, 2008 under the laws of Netherlands as Craftsman Marine B.V. The name was changed from Craftsman Marine B.V to Craftsman Europe B.V. with effect from October 28, 2019. The registered office of Craftsman Europe B.V. is located at Pascalstraat 88, 3316 GR, Dordrecht, The Netherlands.

The authorised share capital of Craftsman Europe B.V. is € 28,90,000.00 divided into 28,900 shares of nominal value of € 100 each. The issued and subscribed share capital of Craftsman Europe B.V. is € 28,90,000 divided into 28,900 shares of nominal value of € 100 each.

Our Company currently holds 100.00% of the issued equity share capital of Craftsman Europe B.V.

2. DR Axion India Private Limited ("DR Axion")

DR Axion was incorporated on December 27, 2006, as a private company under the Companies Act, 1956 as DR Enterprise Automotive Private Limited. The name was changed from DR Enterprise Automotive Private Limited to DR Axion India Private Limited with effect from March 3, 2020. It's CIN is U50300TN2006PTC061870 and its registered office is located at No.7 Othappai Village Uthukkottai Taluk, Thiruvallur 602 023, Tamil Nadu, India.

The authorised share capital of DR Axion is ₹1,37,50,00,000 divided into 13,30,00,000 equity shares of ₹10 each and 45,00,000 preference shares of ₹10 each and its paid-up share capital is ₹1,12,84,95,150 divided into 11,28,49,515 equity shares of ₹10 each.

Our Company currently holds 8,57,65,631 equity shares aggregating to 76.00% of the issued equity share capital of DR Axion.

Pursuant to a share purchase agreement and a shareholders' agreement each dated December 29, 2022, entered into by and amongst our Company, DR Axion, Daerim International Co Ltd and DR Axion Co. Ltd., a principal shareholder of DR Axion, DR Axion was acquired by our Company with effect from February 1, 2023, through a purchase of 8,57,65,631 equity shares representing 76.00% of the total paid-up equity share capital (on a fully diluted basis) of DR Axion. Further, we propose to acquire the remaining stake representing 24.00% of the total paid-up equity share capital of DR Axion, through utilization of a portion of the Issue Proceeds. For further details, see "***Use of Proceeds - Details of Objects - Acquisition of additional equity shares of our Subsidiary, DR Axion from other shareholder, making it wholly owned subsidiary***" on page 78.

DR Axion is a 'material subsidiary' of our Company in terms of the SEBI ICDR Regulations and SEBI Listing Regulations.

Joint venture

As on the date of this Placement Document, our Company has one Joint Venture, brief details of which are set forth below:

1. Carl Stahl Craftsman Enterprises Private Limited ("Carl Stahl")

Carl Stahl is a private limited company and was incorporated on June 22, 2007 under the Companies Act 1956. The CIN of Carl Stahl is U51900TZ2007PTC013823. The registered office of Carl Stahl is located at 123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India.

The authorised share capital of Carl Stahl is ₹40,000,000 divided into 4,000,000 equity shares of ₹10 each and its paid-up share capital is ₹20,000,000 divided into 2,000,000 equity shares of ₹10 each.

Our Company currently holds 600,000 equity shares aggregating to 30.00% of the total equity share capital of Carl Stahl.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on March 31, 2024 is set forth below:

Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	**Promoter & Promoter Group**	5	1,16,18,013	0	0	1,16,18,013	54.9879	1,16,18,013	0	1,16,18,013	54.9879	0	54.9879	0	0.0000	0	0.0000	1,16,18,013
(B)	**Public**	85,909	95,10,298	0	0	95,10,298	45.0121	95,10,298	0	95,10,298	45.0121	0	45.0121	0	0.0000	NA	NA	95,10,298
(C)	**Non Promoter - Non Public**				0				0			0			0.0000	NA	NA	
(C1)	**Shares Underlying DRs**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(C2)	**Shares Held By Employee Trust**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Total	85,914	2,11,28,311	0	0	2,11,28,311	100.0000	2,11,28,311	0	2,11,28,311	100.0000	0	100.0000	0	0.0000	0	0.0000	2,11,28,311

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of Total Voting Rights							
									Class eg: X	Class eg: y	Total				No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	(I)		(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Indian**																		
(a)	**Individuals / Hindu Undivided Family**		5	1,16,18,013	0	0	1,16,18,013	54.9879	1,16,18,013	0	1,16,18,013	54.9879	0	54.9879	0	0.0000	0	0.0000	1,16,18,013
	Ravi S	Promoters	1	1,05,00,000	0	0	1,05,00,000	49.6964	1,05,00,000	0	1,05,00,000	49.6964	0	49.6964	0	0.0000	0	0.0000	1,05,00,000
	Murali S	Promoters	1	11,17,413	0	0	11,17,413	5.2887	11,17,413	0	11,17,413	5.2887	0	5.2887	0	0.0000	0	0.0000	11,17,413
	Chithra Ravi	Promoters	1	200	0	0	200	0.0009	200	0	200	0.0009	0	0.0009	0	0.0000	0	0.0000	200
	Gautham Ram R	Promoters	1	200	0	0	200	0.0009	200	0	200	0.0009	0	0.0009	0	0.0000	0	0.0000	200
	Mirthula R	Promoters	1	200	0	0	200	0.0009	200	0	200	0.0009	0	0.0009	0	0.0000	0	0.0000	200
(b)	**Central Government / State Government (s)**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(c)	**Financial Institutions / Banks**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(d)	**Any Other (Specify)**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
	Sub Total (A)(1)		5	1,16,18,013	0	0	1,16,18,013	54.9879	1,16,18,013	0	1,16,18,013	54.9879	0	54.9879	0	0.0000	0	0.0000	1,16,18,013
2	**Foreign**																		
(a)	**Individuals (Non-Resident Individuals / Foreign Individuals)**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(b)	**Government**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0

	Category & Name of the shareholders	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
(c)	**Institutions**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(d)	**Foreign Portfolio Investor**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
(e)	**Any Other (Specify)**		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
	Sub Total (A)(2)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0
	Total Shareholding of Promoter And Promoter Group (A)=(A)(1)+(A)(2)		5	1,16,18,013	0	0	1,16,18,013	54.9879	1,16,18,013	0	1,16,18,013	54.9879	0	54.9879	0	0.0000	0	0.0000	1,16,18,013

Table III - Statement showing shareholding pattern of the public shareholders

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities: No of Voting Rights Class eg: X	Class eg: y	Total	Total as a % of Total Voting Rights	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares: No. (a)	As a % of total Shares held(b)	Number of Shares pledged or otherwise encumbered: No. (a)	As a % of total Shares held(b)	Number of equity shares held in dematerialised form	Sub-categorization of shares: Shareholding(No. of shares) under Sub-category(i)	Sub-category(ii)	Sub-category(iii)
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	(XV)		
1	**Institutions (Domestic)**																				
(a)	**Mutual Fund**	22	25,22,534	0	0	25,22,534	11.9391	25,22,534	0	25,22,534	11.9391	0	11.9391	0	0.0000	NA	NA	25,22,534	0	0	0
	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund	1	7,13,704	0	0	7,13,704	3.3780	7,13,704	0	7,13,704	3.3780	0	3.3780	0	0.0000	NA	NA	7,13,704	0	0	0
	Mirae Asset Aggressive Hybrid Fund	1	5,37,683	0	0	5,37,683	2.5448	5,37,683	0	5,37,683	2.5448	0	2.5448	0	0.0000	NA	NA	5,37,683	0	0	0
	Tata Mutual Fund - Tata Elss Tax Saver Fund	1	3,69,246	0	0	3,69,246	1.7476	3,69,246	0	3,69,246	1.7476	0	1.7476	0	0.0000	NA	NA	3,69,246	0	0	0
	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Multi-Cap Fund	1	2,40,010	0	0	2,40,010	1.1360	2,40,010	0	2,40,010	1.1360	0	1.1360	0	0.0000	NA	NA	2,40,010	0	0	0
	Inevsco India Smallcap Fund	1	2,25,832	0	0	2,25,832	1.0689	2,25,832	0	2,25,832	1.0689	0	1.0689	0	0.0000	NA	NA	2,25,832	0	0	0
(b)	**Venture Capital Funds**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(c)	**Alternate Investment Funds**	9	8,07,242	0	0	8,07,242	3.8207	8,07,242	0	8,07,242	3.8207	0	3.8207	0	0.0000	NA	NA	8,07,242	0	0	0
	Pioneer Investment Fund	1	5,10,885	0	0	5,10,885	2.4180	5,10,885	0	5,10,885	2.4180	0	2.4180	0	0.0000	NA	NA	5,10,885			
	Volrado Venture Partners Fund Ii	1	2,42,357	0	0	2,42,357	1.1471	2,42,357	0	2,42,357	1.1471	0	1.1471	0	0.0000	NA	NA	2,42,357			
(d)	**Banks**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(e)	**Insurance Companies**	2	50,172	0	0	50,172	0.2375	50,172	0	50,172	0.2375	0	0.2375	0	0.0000	NA	NA	50,172	0	0	0
(f)	**Provident Funds/ Pension Funds**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(G)	**Asset Reconstruction Companies**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(h)	**Sovereign Wealth Funds**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities: No of Voting Rights – Class eg: X	Class eg: y	Total	Total as a % of Total Voting Rights	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares: No. (a)	As a % of total Shares held(b)	Number of Shares pledged or otherwise encumbered: No. (a)	As a % of total Shares held(b)	Number of equity shares held in dematerialised form	Sub-categorization of shares: Shareholding(No. of shares) under – Sub-category(i)	Sub-category(ii)	Sub-category(iii)
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	(XV)		
(i)	**NBFCs registered with RBI**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(j)	**Other Financial Institutions**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(k)	**Any Other (Specify)**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
	Sub Total (B)(1)	33	33,79,948	0	0	33,79,948	15.9972	33,79,948	0	33,79,948	15.9972	0	15.9972	0	0.0000	NA	NA	33,79,948	0	0	0
2	**Institutions (Foreign)**																				
(a)	**Foreign Direct Investment**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(b)	**Foreign Venture Capital Investors**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(c)	**Sovereign Wealth Funds**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(d)	**Foreign Portfolio Investors Category I**	101	25,97,121	0	0	25,97,121	12.2921	25,97,121	0	25,97,121	12.2921	0	12.2921	0	0.0000	NA	NA	25,97,121	0	0	0
	Goldman Sachs Funds - Goldman Sachs India Equity Portfolio	1	3,88,141	0	0	3,88,141	1.8371	3,88,141	0	3,88,141	1.8371	0	1.8371	0	0.0000	NA	NA	3,88,141			
(e)	**Foreign Portfolio Investors Category II**	8	55,507	0	0	55,507	0.2627	55,507	0	55,507	0.2627	0	0.2627	0	0.0000	NA	NA	55,507	0	0	0
(f)	**Overseas Depositories(holding DRs) (balancing figure)**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(g)	**Any Other (Specify)**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
	Sub Total (B)(2)	109	26,52,628	0	0	26,52,628	12.5549	26,52,628	0	26,52,628	12.5549	0	12.5549	0	0.0000	NA	NA	26,52,628	0	0	0
3	**Central Government/ State Government(s)**																				
(a)	**Central Government / President of India**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(b)	**State Government / Governor**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(C)	**Shareholding by Companies or Bodies Corporate where Central**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)		Shareholding(No. of shares) under		
								Class eg: X	Class eg: y	Total									Sub-category(i)	Sub-category(ii)	Sub-category(iii)
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	(XV)		
	/ State Government is a promoter																				
	Sub Total (B)(3)	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
4	Non-Institutions		0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(a)	Associate companies / Subsidiaries	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(b)	Directors and their relatives (excluding Independent Directors and nominee Directors)	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(C)	Key Managerial Personnel	2	849	0	0	849	0.0040	849	0	849	0.0040	0	0.0040	0	0.0000	NA	NA	849	0	0	0
(D)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(E)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(f)	Investor Education and Protection Fund (IEPF)	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(g)	i. Resident Individual holding nominal share capital up to Rs. 2 lakhs.	80,668	16,50,827	0	0	16,50,827	7.8133	16,50,827	0	16,50,827	7.8133	0	7.8133	0	0.0000	NA	NA	16,50,827	0	0	0
(h)	ii. Resident individual holding nominal share capital in excess of Rs. 2 lakhs.	3	1,97,471	0	0	1,97,471	0.9346	1,97,471	0	1,97,471	0.9346	0	0.9346	0	0.0000	NA	NA	1,97,471	0	0	0
(i)	Non Resident Indians (NRIs)	2,520	1,08,773	0	0	1,08,773	0.5148	1,08,773	0	1,08,773	0.5148	0	0.5148	0	0.0000	NA	NA	1,08,773	0	0	0

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)		Shareholding(No. of shares) under		
								Class eg: X	Class eg: y	Total									Sub-category(i)	Sub-category(ii)	Sub-category(iii)
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	(XV)		
(j)	**Foreign Nationals**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0			
(k)	**Foreign Companies**	1	10,11,618	0	0	10,11,618	4.7880	10,11,618	0	10,11,618	4.7880	0	4.7880	0	0.0000	NA	NA	10,11,618	10,11,618	0	0
	International Finance Corporation	1	10,11,618	0	0	10,11,618	4.7880	10,11,618	0	10,11,618	4.7880	0	4.7880	0	0.0000	NA	NA	10,11,618	10,11,618	0	0
(l)	**Bodies Corporate**	651	3,56,410	0	0	3,56,410	1.6869	3,56,410	0	3,56,410	1.6869	0	1.6869	0	0.0000	NA	NA	3,56,410	0	0	0
(m)	**Any Other (Specify)**	1,922	1,51,774	0	0	1,51,774	0.7183	1,51,774	0	1,51,774	0.7183	0	0.7183	0	0.0000	NA	NA	1,51,774	0	0	0
	Trusts	9	1,286	0	0	1,286	0.0061	1,286	0	1,286	0.0061	0	0.0061	0	0.0000	NA	NA	1,286	0	0	0
	Body Corp-Ltd Liability Partnership	81	86,877	0	0	86,877	0.4112	86,877	0	86,877	0.4112	0	0.4112	0	0.0000	NA	NA	86,877	0	0	0
	Hindu Undivided Family	1,828	63,443	0	0	63,443	0.3003	63,443	0	63,443	0.3003	0	0.3003	0	0.0000	NA	NA	63,443	0	0	0
	Clearing Member	4	168	0	0	168	0.0008	168	0	168	0.0008	0	0.0008	0	0.0000	NA	NA	168	0	0	0
	Sub Total (B)(4)	85,767	34,77,722	0	0	34,77,722	16.4600	34,77,722	0	34,77,722	16.4600	0	16.4600	0	0.0000	NA	NA	34,77,722	10,11,618	0	0
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)+b(4)	85,909	95,10,298	0	0	95,10,298	45.0121	95,10,298	0	95,10,298	45.0121	0	45.0121	0	0.0000	NA	NA	95,10,298	10,11,618	0	0

Table IV - Statement showing shareholding pattern of the non Promoter- non public Shareholders

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Custodian/DR Holder**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
2	**Employee Benefit Trust / Employee Welfare Trust under SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021**	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0

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 investors are assumed to have apprised themselves of the same from our Company or the Lead Manager. Bidders that applied in the Issue were required to confirm and have been deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they were- eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. 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. *Also see "**Selling Restrictions**" and "**Transfer Restrictions and Purchaser Representations**" on pages 243 and 251, respectively.*

Our Company, the Lead Manager and their respective directors, shareholders, employees, counsels, officers, agents, advisors, 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 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 Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not ultimately 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 Institutional 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.

The Preliminary Placement Document and this Placement Document have 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 has been 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, 2013 through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs provided that certain conditions are met by such 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 Equity Shares is proposed to be made pursuant to the QIP; and (b) the Relevant Date for the QIP;

- 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 the Issue, the contribution made by the Promoter 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 offer 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 QIP, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to its Shareholders for convening the meeting to seek approval of the Shareholders for the above-mentioned special resolution. This is not applicable to such companies who propose to undertake a QIP for complying with the minimum public shareholding requirements specified in the SCRR;

- The "Equity Shares of the same class" shall mean Equity Shares which rank *pari passu* in relation to rights as to the dividend, voting otherwise of our Company.

- invitation to apply in the Issue must be made through a private placement offer-cum-application form (i.e., the Preliminary Placement Document and an Application Form) serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- the Issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- the Issuer shall have completed allotments with respect to any earlier offer or invitation made by the Issuer or shall have withdrawn or abandoned such invitation or offer, made by the Issuer, except as permitted under the Companies Act, 2013. However, subject to the limits prescribed under the applicable law, the Issuer may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- 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., the Preliminary Placement Document and Application Form), the Issuer shall 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 the Issuer prior to the invitation to subscribe;

- 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. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- the Promoter and Directors of the Issuer are not Fugitive Economic Offenders and have not been declared as Wilful Defaulters;

- the Equity Shares issued through the QIP shall be listed on the Stock Exchanges where the Equity Shares of our Company are listed and our Company shall seek approval under rule 19(7) of the SCRR, if applicable; and

- the Directors of the Issuer are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016.

At least 10% of the Equity Shares issued to Eligible QIBs was made 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 were not allowed to withdraw or revise downwards their Bids 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. Our Company has offered a discount of ₹26.11 per Equity Share, being equivalent to a discount of 0.60% on the Floor Price which is not more than 5% discount on the Floor Price in accordance with the approval of the Shareholders accorded by way of a special resolution dated May 27, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations. 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" mentioned above in case of allotment of Equity Shares, refers to the date of the meeting in which the Board or the committee of Directors duly authorised by the board of the Issuer decides to open the Issue and "Stock Exchange" means any of the recognised 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 shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares must be Allotted within 365 days from the date of passing of the Shareholders' resolution approving the Issue, being May, 27, 2024 and also within 60 days from the date of receipt of Application Amount from the Successful Bidders, failing which our Company shall refund the Bid Amount in accordance with applicable laws.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that contains all material information required under applicable laws including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this 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 have not received a serially numbered copy of the Preliminary Placement Document and this Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this 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 for the QIP shall at least be:

- two, where the issue size is less than or equal to ₹25,000 lakhs; and
- five, where the issue size is greater than ₹25,000 lakhs.

No single Allottee shall be Allotted more than 50% 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 234.

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 on June 18, 2024. We have filed a copy of the Preliminary Placement Document and a copy of this 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, 2013 and the PAS Rules.

The Issue has been authorised and approved by our Board on April 27, 2024 and our Shareholders by way of a special resolution on May 27, 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 requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

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 ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 243 and 251, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs".

The Equity Shares issued pursuant to the Issue have not been and will not be registered, listed, or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid/Issue Opening Date, our Company in consultation with the Lead Manager, circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form,

either in electronic or physical form to Eligible QIBs and the Application Form was specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom the 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,2013 and the PAS Rules.

2. **The list of Eligible QIBs to whom the Preliminary Placement Document and the Application Form was delivered was determined by our Company in consultation with the Lead Manager, at their sole discretion. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which included the details of the bank account wherein the Bid Amount was to be deposited, was addressed to a particular Eligible QIB, no invitation to make an offer or to subscribe was deemed to have been made to such Eligible QIB. Even if such documentation came into the possession of any person other than the intended recipient, no offer or invitation to offer was deemed to have been made to such person and any application that did not comply with this requirement was treated as invalid. The Application Form could have been signed physically or digitally, as required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB could submit an unsigned copy of the Application Form, as long as the Bid Amount was paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form was submitted by an Eligible QIB, whether signed or not, and the Bid Amount had been transferred to the Escrow Account, such Application Form constituted an irrevocable offer and could not be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids were being made on behalf of the Eligible QIB and the Application Form was unsigned, it was 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 was authorised to do so.**

3. Eligible QIBs were required to 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 (as applicable) and/or any other documents mentioned in the Application Form, during the Bid/Issue Period to the Lead Manager.

4. Bidders were required to indicate the following in the Application Form:

- full official name of the Bidder 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 were agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

- details of the depositary/ beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;

- Equity Shares held by the Bidder in our Company prior to the Issue; and

- it has agreed to certain other representations set forth in the Application Form and the Preliminary Placement Document.

- a representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S and the applicable laws of the jurisdiction where those offers and sales are made, or (ii) a "qualified institutional buyer" as defined in Rule 144A purchasing the Equity Shares pursuant to Section 4(a)(2) under the U.S. Securities Act, and it had agreed to certain other representations set forth in the "***Selling Restrictions***" on page 243 and "***Transfer Restrictions and Purchaser Representations***" on page 251 and certain other representations made in the Application Form.

NOTE**:** *Eligible FPIs were 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 were required to specifically state the names of the concerned schemes for which the Bids were made. In case of a*

Mutual Fund, a separate Bid could have been 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 were not treated as multiple Bids provided that the Bids clearly indicated the scheme for which the Bid had been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them did not exceed the investment limits or maximum number of Equity Shares that could be held by them under applicable laws.

5. Each Bidder was 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 Craftsman Automation Limited – QIP Escrow Account 2024" with the Escrow Agent, within the Bid/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 was required to be made from the bank accounts of the relevant Bidders and our Company was required to keep a record of the bank account from where such payment had been received. No payment was made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares held by joint holders was paid from the bank account of the person whose name appeared first in the Application Form. On receipt of final listing and trading approvals from the Stock Exchanges, the Net Proceeds deposited in the Escrow Account, shall be transferred to a separate bank account with a scheduled bank as agreed between our Company and the Monitoring Agency. Notwithstanding the above, in the event (a) any Bidder was not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder was 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 had 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 on or prior to the Bid/Issue Closing Date, the excess Bid Amount was refunded to the same bank account from which it was remitted, in the form and manner set out in "***– Refunds***" on page 239.

6. Once a duly completed Application Form was submitted by a Bidder, whether signed or not, and the Bid Amount was transferred to the Escrow Account, such Application Form constituted an irrevocable offer and the Bid could not 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 was 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 was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledged that in accordance with the requirements of the Companies Act, 2013, upon Allocation, our Company is required to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in this Placement Document and any other regulatory filing and consented to such disclosure, if any Equity Shares were allocated to it.

8. Upon receipt of the duly completed Application Form, whether signed or not and the Bid Amount in the Escrow Account on or after the Bid/Issue Closing Date, our Company, in consultation with Lead Manager determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. In case of Bids made on behalf of the Eligible QIB where the Application Form was unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB was authorised to do so. The Bid/ Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form. Upon such determination, the Lead Manager, on behalf of our Company, sent the serially numbered CAN and this Placement Document to the Successful Bidders. The dispatch of a CAN and this Placement Document to a Successful Bidder has been 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 contains 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. **Please note that the Allocation is at the absolute discretion of our Company and shall be in consultation with the Lead Manager.**

9. Upon determination of the Issue Price and the issuance of the CAN and before Allotment of Equity Shares to the Successful Bidders, the Lead Manager, have, on our behalf, sent 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.

10. 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.

11. After passing the resolution by the Board or its committee approving the 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.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to the Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. 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 listing and trading approvals from the Stock Exchanges.

15. 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 Successful QIBs to whom the Equity Shares have been Allotted. Our Company and the Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

16. Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, were considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules were considered as Eligible QIBs. FVCIs were not permitted to participate in the Issue. Currently, QIBs, who were eligible to participate in the Issue 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 eligible to invest in India;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹2500 lakhs 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 ₹2500 lakhs;
- public financial institutions as defined under Section 2(72) of the Companies Act, 2013;
- scheduled commercial banks;

- state industrial development corporations;
- systemically important non-banking financial companies;
- 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; and
- subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND CONDITIONS AND RESTRICTIONS WHICH MAY BE SPECIFIED BY THE GOVERNMENT FROM TIME TO TIME, AND SUCH THAT THE SHAREHOLDING OF THE FPIS DID NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S WERE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs could participate in the Issue under Schedule I of the FEMA Rules.

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 fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company on a fully diluted basis, and the total holding of all FPIs, collectively, shall not exceed 24% of the paid-up Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e. 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue 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 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. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) 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 I 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. Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The 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 were 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***" and "***Transfer Restrictions and Purchaser Representations***" on pages 243 and 251, respectively.

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 a Promoter, or any person related to, the Promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter 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 Promoter.

Our Company, the Lead Manager and any of their respective shareholders, employees, counsel, 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 Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs were advised to ensure that any single application from them did 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 the Preliminary Placement Document and this Placement Document.

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 Lead Manager who are Eligible QIBs were permitted to participate in the Issue in compliance with applicable laws.*

Further, Eligible QIBs were required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

BID PROCESS

Application Form

Bidders could only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and. The Application Form could 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 could submit an unsigned copy of the Application Form, as long as the Bid Amount was paid along with submission of the Application Form within the Bid/Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Bidder was deemed to have made all the representations, warranties, acknowledgments and agreements set forth in "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" on pages 1, 4, 243 and 251, respectively, including without limitation:

- The Eligible QIB confirmed 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;

- The Eligible QIB confirmed 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;

- The Eligible QIB confirmed that it has no rights under a shareholders' agreement or voting agreement with the Promoter(s) 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 Promoter(s);

- The Eligible QIB confirmed 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, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

- The Eligible QIB acknowledged that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

- The Eligible QIB confirmed 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 Exchange;

- The Eligible QIB confirmed that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Bidder further confirmed that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

- The Bidder confirmed that in the event it is resident outside India, it is not an FVCI;

- The Eligible QIB confirmed that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

- The Eligible QIB agreed that it will make payment of its Bid Amount along with submission of the Application Form within the Bid/Issue Period. The Bidder agreed that once a duly filled Application Form was submitted by a Bidder, whether signed or not, and the Bid Amount had been transferred to the Escrow Account, such Application Form constituted an irrevocable offer and could not be withdrawn or revised downwards after the Bid/Issue Closing Date;

- The Eligible QIB agreed that although the Bid Amount was required to be paid by it along with the Application Form within the Bid/Issue Period in terms of provisions of the Companies Act, 2013, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Lead Manager. The Bidder further acknowledged and agreed that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

- The Eligible QIB acknowledged that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company has disclosed names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and such QIB consented of such disclosure, if any Equity Shares were Allocated to it. However, the Bidder further acknowledged and agreed that, disclosure of such details as "proposed Allottees" in this Placement Document does 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 Lead Manager;

- The Eligible QIB confirmed 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% of the Issue. For the purposes of this representation:

    (a) 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% 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 Bidder, its subsidiary or holding company and any other Bidder; and

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

- The Eligible QIB acknowledged that no Allocation shall be made to it if the price at which it has Bid for in the Issue was lower than the Issue Price.

- The Eligible QIB confirmed 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.

- Each Eligible FPI, confirmed that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledged that Eligible FPIs could 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 fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirmed 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.

- The Eligible QIB is either (i) a U.S. QIB purchasing the Equity Shares pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act or (ii) located outside the United States and purchasing Equity Shares in an offshore transaction as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made and is not an affiliate of our Company or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form.

ELIGIBLE QIBs WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN OR PAN ALLOTMENT LETTER, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs WERE REQUIRED TO ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM WAS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LEAD MANAGER, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE LEAD MANAGER TO EVIDENCE THEIR STATUS AS A "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE LEAD MANAGER, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WERE REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account were 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 was 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 was deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and became a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document by our Company (by itself or through the Lead Manager) 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 (as applicable). 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 Lead Manager either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and e-mail	Phone (Telephone)
Axis Capital Limited	1st Floor, Axis House, C-2, Wadia International Centre, P. B.Marg, Worli, Mumbai 200 025, Maharashtra, India	Riddhi Dhakan	Website: www.axiscapital.co.in Email: craftsman.qip@axiscap.in Investor Grievance e-mail: complaints@axiscap.in	+91 22 4325 2183

The Lead Manager was not required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms were required to be duly completed, and Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the Application Form, within the Bid/ Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "Craftsman Automation Limited – QIP Escrow Account 2024" with the Escrow Agent, in terms of the Escrow Agreement. Each Bidder was 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 could make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments were to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques were liable to be rejected. Further, if the payment was not made favouring the Escrow Account, the Application Form was liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in *"*Craftsman Automation Limited – QIP Escrow Account 2024*"* 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 was not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, was lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "***– Refunds***" on page 239.

Bank Account Details

Each Bidder was required to mention the details of the bank account from which the payment of Bid Amount had been made along with confirmation that such payment has been made from such account.

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. Our Company has offered a discount of ₹26.11 per Equity Share, being equivalent to a discount of 0.60% on the Floor Price which is not more than 5% discount on the Floor Price in accordance with the approval of the Shareholders accorded by way of a special resolution dated May 27, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Build-up of the Book

The Bidders were required to submit their Bids (including any revision thereof) through the Application Forms within the Bid/ Issue Period to the Lead Manager. Such Bids could not be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book was maintained by the Lead Manager.

Method of Allocation

Our Company determined the Allocation in consultation with the Lead Manager on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price were grouped together to determine the total demand. The Allocation to all such Bidders was made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size was undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company, in consultation with LM, 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 LEAD MANAGER IN RESPECT OF ALLOCATION IS FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES WAS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGER 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 BID/ ISSUE PERIOD. NEITHER OUR COMPANY NOR THE LEAD MANAGER IS 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 Lead Manager, in its sole and absolute discretion, have decided the Successful Bidders. Our Company has dispatched a serially numbered CAN to all such Successful Bidders 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 has been notified to such Successful Bidders. The CAN includes details of amount to be refunded, if any, to such Bidders. Additionally, the CAN includes the 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 have also been sent a serially numbered Placement Document (which includes 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 this Placement Document, to the Eligible QIBs has been 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/its committee will approve the Allotment of the Equity Shares to the Allottees in consultation with the Lead Manager.

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 has been deemed to have made the representations and warranties as specified in section "***Notice to Investors***" on page 1 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 respective CANs.

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, 2013, and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion (in consultation with the Lead Manager), 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 shall 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 for the listing and trading of the Equity Shares issued pursuant to the Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act, 2013.

7. After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filed it with the Stock Exchanges as this Placement Document, which includes 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% of the Equity Shares offered in the Issue, namely, 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 this Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder was lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount had been paid by such Bidder, or the Bidder had deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares were not Allocated to a Bidder for any reasons or the Issue was cancelled prior to Allocation, or a Bidder lowered or withdrew 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 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 we are unable to issue and Allot the Equity Shares offered in the Issue or within 60 days from the date of receipt of Bid Amount, our Company shall repay the Bid Amount within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. form the expiry of the sixtieth day and in such manner as prescribed under the Companies Act, 2013. The Bid Amount 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, 2013, the Depositories Act and other applicable laws.

We, at our sole discretion (in consultation with the Lead Manager), reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the 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 Equity Shares offered pursuant to the Issue are received by our Company and our Company files the return of Allotment under Form PAS-3 in connection with the Issue with the RoC, whichever is later.

Provided that upon receipt of the listing and trading approval from Stock Exchanges, our Company files the return of Allotment in connection with the Issue with the RoC, upon which, the Net Proceeds deposited in the Escrow Bank Account, shall be transferred to a separate bank account with a scheduled bank or any other account as may be mutually agreed between our Company and the Monitoring Agency.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents were required to be provided along with the Application Form submitted with our Company/ LM as soon as practicable.

Permanent Account Number or PAN

Each Bidder was required to mention its PAN (except Bids from any category of Bidders, which were exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card was required to be submitted with the Application Form. Further, the Application Forms without this information were considered incomplete and were liable to be rejected. It is to be specifically noted that applicants could not submit the GIR number instead of the PAN as the Application Form was liable to be rejected on this ground.

Bank account details

Each Bidder was required to mention the details of the bank account from which the payment of Bid Amount had been made along with confirmation that such payment had been made from such account.

Right to Reject Applications

Our Company, in consultation with the LM, could reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the LM in relation to the rejection of Bids was final and binding. In the event the Bid was 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 234 and 239, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in the 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 was required to 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 Lead Manager 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

Placement Agreement

The Lead Manager and our Company have entered into the Placement Agreement dated June 18, 2024 ("**Placement Agreement**"), pursuant to which the Lead Manager has agreed, subject to certain conditions, to manage the Issue and to act as the placement agent in connection with the proposed Issue and to use its reasonable efforts to place the Equity Shares with Eligible QIBs to subscribe to such number of our Equity Shares as may be agreed among our Company and the Lead Manager, pursuant to Chapter VI of the SEBI ICDR Regulations, 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.

The Placement Agreement contains customary representations and warranties, as well as indemnity from our Company and the Issue is subject to the satisfaction of certain conditions and subject to the termination of the Placement Agreement in accordance with the terms contained therein.

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 state securities laws. The Equity Shares offered in the Issue are being offered and sold (a) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, and (b) outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" on pages 243 and 251, respectively. The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

Applications shall be made to list the Equity Shares issued pursuant to the 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.

Each Eligible QIB confirms that it is outside the United States, is purchasing 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 it has agreed to certain other representations set forth in the Application Form. For further details, see "***Selling Restrictions***" and "***Transfer Restrictions and Purchaser Representations***" on pages 243 and 251, respectively.

Relationship with the Lead Manager

In connection with the Issue, the Lead Manager (or its 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 subscription or sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Lead Manager 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 Lead Manager could have purchased Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***" and "***Representations by Investors***" on pages 11 and 4, respectively.

From time to time, the Lead Manager and its affiliates and associates may engage in transactions with and perform services for our Company or its affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking, investment banking and other banking transactions with our Company, its affiliates or shareholders, for which they have received compensation and may in the future receive compensation.

Lock-up

In terms of the Placement Agreement, our Company agrees**,** subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for equity share; (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 equity shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of equity shares, or such other securities, in cash or otherwise, for a period from the date hereof up to 45 days after the Closing Date without the prior written consent of the Lead Manager, however, the foregoing restriction shall not be applicable to the (i) the issuance of the Issue Shares pursuant to the Issue; and (ii) any transaction required by law or an order of a court of law or a statutory authority.

Lock-up by Promoter

Under the Placement Agreement, our Promoter agrees that, he will not, publicly announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 90 days from the date of the Placement Document (both dates inclusive) ("**Lock-up Period**") directly or indirectly:

(1) offer, pledge, sell, encumber, contract to sell, lend, purchase any option, grant or sell any option, right, contract or warrant to purchase, make any short sale or otherwise transfer or dispose of any Lock-up 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 Lock-up Shares;

(2) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Lock-up Shares or any securities that are convertible into, exercisable or exchangeable for Lock-up Shares, whether now owned or hereinafter acquired; or

(3) 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 Lock-up Shares in any depository receipt facility.

Provided, however, that none of the foregoing or below restrictions shall apply:

i. any sale, transfer or disposition of any of the Lock-up Shares by the undersigned with prior written consent of the Lead Manager to the extent such sale, transfer or disposition is required by Applicable Laws; or

ii. 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 undersigned and the Company.

Notwithstanding anything provided above, the foregoing restrictions on transfer of Lock-up Shares by the undersigned will not apply to any inter group transfer made to any persons or entities promoted by the undersigned ("**Promoter Group Entity**"), subject to compliance with applicable laws and subject to observance by the transferee Promoter Group Entity of the foregoing restrictions on transfer of Lock-up Shares until the expiry of the Lock-up Period.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document, this Placement Document or any offering material and the offering, sale or delivery of Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document, this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction.

The Issue is being made only to Eligible QIBs. The distribution of the Preliminary Placement Document or this Placement Document or any offering material and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this the Preliminary Placement Document or this Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares 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. Therefore, persons who may come into possession of this 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 purchaser of the Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and under "***Notice to Investors***", "***Representations by Investors***" and "***Transfer Restrictions and Purchaser Representations***" on pages 1, 4 and 251, respectively.

Republic of India

This 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. This Placement Document has not been and will not be filed as a prospectus with the RoC 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 Placement Document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a prospectus or disclosure document under the Australian Corporations Act. This Placement Document has not been lodged with the Australian Securities and Investments Commission ("ASIC") and no steps have been taken to lodge it with ASIC. No offer will be made under this Placement Document to any person to whom disclosure is required to be made under Chapter 6D of the Australian Corporations Act. Any offer in Australia of the Equity Shares under this Placement Document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act which permit the offer of the Equity Shares without disclosure under Part 6D.2 of the Australian Corporations Act.

As any offer of Equity Shares under this Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to the Company that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to any person in Australia except in circumstances where disclosure to such person is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

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 Placement Document and the Equity Shares that shall be offered pursuant to this Placement Document 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 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 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 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 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

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuer. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), ("**BVI Companies**"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**")), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorised financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Lead Manager 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 Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 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.

Except for each person who is not a qualified investor and who has notified the Lead Manager of such fact in writing and has received the consent of the Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, 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 Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). This Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in this Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale 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 in 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 financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and 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

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

New Zealand

This Placement Document, and the information within and accompanying this Placement Document are not, and are under no circumstances to be construed as, an offer of the Equity Shares in New Zealand. No product disclosure statement, prospectus or similar offering or disclosure document in relation to the Equity Shares has been prepared or has been lodged with or reviewed or approved by the Financial Markets Authority, the Registrar of Financial Service Providers or any other regulatory body in New Zealand. The Equity Shares are only available for investment by a "wholesale investor" within the meaning of clause 3(2) of the Financial Markets Conduct Act 2013 ("**FMCA**"). Each recipient of this Placement Document represents and agrees that he, she or it:

a) is a "wholesale investor" for the purposes of clause 3(1) of Schedule 1 of the FMCA) (as the term "wholesale investor" is defined by clause (3)(2) of Schedule 1 of the FMCA);

b) has not offered or sold, and agrees he, she or it will not offer or sell, any Equity Shares in New Zealand in a manner that would require disclosure under Part 3 of the FMCA; and

c) has not distributed or published, and agrees he, she or it will not publish this Placement Document or any offering material or advertisement in relation to any offer of the Equity Shares in New Zealand.

Qatar (excluding the Qatar Financial Centre)

This Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares 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 securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Lead Manager are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory 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 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 Equity Shares 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 Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Lead Manager are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar and Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (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) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. 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

ii. 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,

securities (as defined in Section 239(1) of the SFA) 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 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(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).

Sultanate of Oman

The information contained in this Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive**

Regulations") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Placement Document is strictly private and confidential. It 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 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. Additionally, this Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Switzerland

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public 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" (excluding "**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. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the 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 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 Lead Manager 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 Shares shall require the Company or any Lead Manager 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 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 Shares to be offered so as to enable an investor to decide to purchase or subscribe for any 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.

The 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 Placement Document is directed only at relevant persons. Other persons should not act on this Placement Document or any of its contents. This 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 of America

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the sections "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" on pages 243 and 251, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs".

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of Equity Shares.

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue, for a period of one year from the date of Allotment, except on the BSE or the NSE. Allotments made to Eligible FPIs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below.

U.S. TRANSFER RESTRICTIONS

U.S. Offer Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act 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 state securities laws.

If you purchase the Equity Shares offered in the United States, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Lead Manager as follows:

- You (A) are a "qualified institutional buyer" (as defined in Rule 144A), (B) are aware that the sale of the Equity Shares to you is being made in reliance upon the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act and (C) are acquiring such Equity Shares for its own account or for the account of a "qualified institutional buyer" (as defined in Rule 144A);

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, (ii) in an "offshore transaction" as defined in and in reliance upon Regulation S, (iii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (iv) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made;

- It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S, with respect to the Equity Shares. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any directed selling efforts;

- The Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

- You will base your investment decision on a copy of this Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Lead Manager) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Placement Document, as it may be supplemented;

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or any of the Lead Manager 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, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions;

- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at our Company’s request;

- You have been provided access to this Placement Document which you have read in its entirety; and

- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions will not be recognized by us.

Global Offer Purchaser Representations and Transfer Restrictions

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of my Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Lead Manager and their respective affiliates shall have any responsibility in this regard;

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States of America (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States of America (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States;

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction;

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.

- You will base your investment decision on a copy of this Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Lead Manager) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Placement Document, as may be supplemented.

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Lead Manager, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions, will not be recognized by us.

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 or the Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the SCRR. On October 3, 2018, 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, protect the interests of investors in securities, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations 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 institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

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 the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

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. 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.

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, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA 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.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "Delisting Regulations") to govern 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

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time, such company shall increase its public shareholding to at least 25%, within a period of twelve months from the date of such fall, respectively, in the manner specified by SEBI. Further, every listed public sector company whose public shareholding falls below 25% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, 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 requirements. Our Company is in compliance with this minimum public shareholding 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%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. 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 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 price bands. 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.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers 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 and other applicable laws. 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 the BSE on-line trading 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 fully automated BSE on-line trading platform (**"BOLT+"**) through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

The NSE has introduced a fully automated trading system called 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.

Disclosures under the Companies Act and securities regulations

Under the Companies Act, 2013, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, the PAS Rules and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act, 2013, also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public limited companies are required under the Companies Act, 2013, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the 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. Accordingly, companies are required to publish unaudited financial statements (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

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. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity (along with persons acting in concert with such 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 (direct or indirect along with persons acting in concert with such acquirer) 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 provide 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 were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The SEBI Insider Trading Regulations prohibit and penalize insider trading in India and impose certain restrictions on the communication of information by listed companies. 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**"), subject to certain limited exceptions. 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.

Further, the SEBI Insider Trading Regulations makes 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.

The SEBI Insider Trading Regulations also provides for initial and continuing disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of ₹10 lakhs over a calendar quarter, within two days of reaching such threshold. 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. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

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 has framed regulations in relation to, among other things, the formation and 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.

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. Additionally, SEBI has introduced the beta version of T+0 rolling settlement cycle on optional basis in addition to existing T+1 settlement cycle for a limited set of 25 scrips and with a limited number of brokers.

DESCRIPTION OF THE EQUITY SHARES

The following is the information relating to the share capital of our Company, including a brief summary of certain provisions of our Company's Memorandum and Articles of Association and the Companies Act, 2013 and certain related legislations of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorised share capital of our Company as of the date of this Placement Document is ₹20,00,00,000 divided into 4,00,00,000 Equity Shares of ₹5 each. Our subscribed and paid-up share capital as of the date of this Placement Document is ₹10,56,41,555. For further details please see "***Capital Structure***" on page 82.

Dividends

Under the Companies Act, 2013, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the shareholders. 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 except, among other things, out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous fiscal arrived at as laid down by the Companies Act, 2013. Further, under the Companies Act, 2013, a company is not permitted to declare any dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against the profit of the company for the current year.

According to the Articles of Association, our Company in a general meeting may declare dividends, but no dividend shall exceed the amount recommended by our Board but our Company in general meeting may declare a lesser dividend. Subject to the applicable provisions of the Companies Act, 2013, our Board may from time to time pay to the Shareholders such interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend. Provided that in case our Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.

Our Board may declare dividends for a financial year out of the profits of our Company for that year arrived at after providing for depreciation in accordance with the provisions of Section 123 (2), or out of the profits of our Company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed, or out of both, provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded; or out of money provided by the Central Government or a State Government for the payment of dividend by our Company in pursuance of a guarantee given by that Government. Further, no dividend shall be declared or paid by our Company from its reserves other than free reserves and our Company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of our company for the current year.

Under the Companies Act, 2013, dividends must be paid within 30 days from the date of its declaration. Where our Company has declared dividend, but which has not been paid or claimed within 30 days from the date of declaration, our Company shall, within seven days from the date of expiry of the said period of 30 days, transfer the total amount of the unpaid or unclaimed dividend to the unpaid dividend account. All Equity Shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by our Company in the name of Investor Education and Protection Fund, established by the Central Government.

Issue of Bonus Shares and Capitalization of Reserves

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account, to its shareholders, in the form of fully paid up bonus shares. Bonus shares are distributed to shareholders in the proportion of the number of ordinary shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to regulations issued by SEBI. 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. The bonus issue must be made out of free reserves built out of profits or share premium account collected in cash only and not from reserves created by revaluation of fixed assets. Further, bonus shares cannot be issued in lieu of dividend.

Pre-Emptive Rights and Alteration of Share Capital

Under Section 62(1)(a) of the Companies Act, 2013, the shareholders have the pre-emptive right to subscribe for new shares 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 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. The offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any person, and the notice shall contain a statement of this right. The board of directors is authorised to distribute any new shares not purchased by the pre-emptive rights holders in a manner which is not disadvantageous to the shareholders and the company.

Our Articles of Association provide that our Company may, from time to time, by resolution prescribed in the Companies Act, 2013 can:

- increase the share capital by such amount, as it thinks expedient;
- 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 manner prescribed in the Companies Act, 2013;
- sub-divide its 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;
- cancel any shares which, at the date of the passing of the resolution in that behalf, 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 convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

General meetings of Shareholders

There are two types of general meetings of the Shareholders:

(i) Annual General Meeting; and

(ii) Extraordinary General Meeting.

As per the provisions of our Articles of Association, all general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

In accordance with Section 96 of the Companies Act, 2013, a company must hold its annual general meeting within six months after the expiry of each fiscal provided that not more than 15 months shall elapse between the annual general meeting and the next one, unless extended by the registrar of companies at its request for any special reason for a period not exceeding three months. Our Company shall, in addition to any other meetings, hold a general meeting which shall be styled as an Annual General Meeting at intervals and in accordance with the following provisions: (a) our Company shall hold its Annual General Meetings within such intervals as are specified in Section 96 read with Section 129 of the Companies Act, 2013 and subject to the provisions of Section 96(2) of the Companies Act, 2013 at such times and places as may be determined by our Board.

Our Board may, whenever it thinks fit, call an Extraordinary General Meeting. Further, our Board may call an Extraordinary General Meeting on requisition in compliance with the provisions of the Companies Act, 2013.

Whenever our Company proposes to undertake any action that statutorily requires the approval of the Shareholders of our Company, our Company shall call for an Extraordinary General Meeting in accordance with the provisions of the Companies Act, 2013 by serving at least 21 days' written notice to all Shareholders, with an explanatory statement containing all relevant information relating to the agenda for the Extraordinary General Meeting. Unless waived in writing by all the Shareholders, any item not specifically included in the agenda of a Shareholders' meeting shall not be considered or voted upon at that meeting of the Shareholders (including at any adjournments thereof).

Our Company may also pass resolutions by means of postal ballot and/or other ways as may be prescribed under Section 110 of the Companies Act, 2013 and/or other applicable provisions, if any, and any future amendments or re-enactments, in respect of any business that can be transacted by our Company in a general meeting, instead of transacting the business therein. Further, in the case of resolutions relating to such business as the Government of India may prescribe, to be conducted only by postal ballot and/or other ways as may be prescribed, our Company shall get such resolutions passed only by postal ballot and/or other ways as may be prescribed, instead of transacting the business in a general meeting of our Company.

Voting rights

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorised representative under Section 113 of the Companies Act, 2013 shall be entitled to exercise the same powers on behalf of the corporation as if it were an individual member of our Company.

Save as provided in the Articles of Association, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act. Any Person entitled to transfer any shares of our Company may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll. Our Company shall also provide e-voting facility to the Shareholders of our Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the Listing Regulations or any other Law, if applicable to our Company.

Transfer and Transmission of Equity Shares

Equity 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 depository 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 subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold). Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019.

The executor or administrator of a deceased member (not being one of the several joint-holders) shall be the only person recognised in the name of such member, and in case of the death of anyone or more of the joint holders of any registered Equity Share, the survivor shall be the only person recognised by our Company as having any title to or interest in such Equity Share. However, the above stated shall not release the estate of a deceased joint holder from any liability in respect of any Equity Share which had been jointly held by him with other persons.

If any person becoming entitled to Equity Shares in consequence of the death of a Shareholder, elects to be registered as holder of the Equity Share himself, he shall deliver or send to our Company, a notice signed by him stating that he so elects. If the said person elects to transfer the Equity Shares, he shall testify his election by executing an instrument of transfer of the Equity Shares. Our Board shall, in either case, have the same right to decline or suspend registration as it would have had if the deceased, lunatic, insolvent, bankrupt shareholder had transferred the Equity Share(s) before his death, lunacy, bankruptcy or insolvency.

Any person becoming entitled to Equity Shares by reason of the death, lunacy, bankruptcy or insolvency of a Shareholder shall, subject to Section 123 of the Companies Act, 2013, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the Equity Shares.

Acquisition by our Company of its own Equity Shares

Our Company is permitted to buy-back its securities including shares in accordance with the provisions of Sections 68, 69 and 70 and other applicable provisions, if any, of the Companies Act, 2013 (including any future amendments or re-enactments) and as per the rules and procedures prescribed therein and in compliance with the prevailing regulatory provisions and guidelines.

Winding up

As per the provisions of our Articles of Association, our Company may be wound up in accordance with the provisions of the Companies Act, 2013.

TAXATION

Statement of possible special tax benefits available to Craftsman Automation Limited (the 'Company') and its shareholders under the applicable Direct and Indirect Tax Laws in India

To
The Board of Directors
Craftsman Automation Limited
123/4, Sangothipalayam Road,
Arasur Post,
Coimbatore 641 407,
Tamil Nadu, India

and

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India

*(Axis Capital Limited is referred to as the "**Lead Manager**" or the "**LM**")*

Subject: Proposed issuance of equity shares of face value of ₹ 5 each ("Equity Shares") of Craftsman Automation Limited ("Company") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), and under Section 62(1)(c) of the Companies Act, 2013, as amended ("Companies Act") through a Qualified Institutions Placement ("QIP", and the proposed issuance, the "Issue")

This report is issued in accordance with the terms of our engagement letter dated April 19, 2024 agreed with the Company.

We, Sharp & Tannan, Chartered Accountants (Firm Registration Number 003792S), the auditors of the Company, have been requested by the Company to certify that the possible tax benefits available to the Company and its shareholders in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, under the Income Tax Act, 1961, as amended (the '**IT Act**'), the rules, regulations, circulars and notifications issued thereon, and the Indirect Tax as applicable to the assessment year 2025-2026 relevant to the financial year 2024-2025, presently in force in India, in the enclosed Annexure A as on the date of this certificate (the '**Statement**').

This Statement has been prepared by the management of the Company (the '**Management**') in connection with the proposed Placement for purposes of disclosure in the Preliminary Placement Document and Placement Document of the Company pursuant to the SEBI ICDR Regulations. We have initialled and sealed the Statement for identification purposes only.

Management's responsibility

The preparation of the Statement is the responsibility of the Management including responsibility for maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation.

The Management is responsible, in particular, for identifying and ensuring that the Company complies with the direct and indirect tax laws and regulations applicable to its activities.

The Management shall be responsible for providing us with the required information/documents as may be required by us for certifying the requirement as per the paragraph above.

The Management is also responsible for ensuring that the Company complies with the requirements of the SEBI ICDR Regulations and the Companies Act, 2013, as amended, and rules, circulars and guidelines thereto.

Auditor's responsibility

Pursuant to the SEBI ICDR Regulations, it is our responsibility to report whether the Statement prepared by the Management, presents, in all material respects, the possible special tax benefits available to the Company and its shareholders as identified by the Management in accordance with direct tax laws (including the Income Tax Act, 1961, as amended) and indirect tax laws, presently in force in India as on the date of this report.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

The procedures selected depend on the auditor's judgement, including the assessment of the areas where a material misstatement of the subject matter information is likely to arise.

Inherent Limitations

We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

The benefits discussed in the accompanying statement are not exhaustive and conclusive. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The contents stated in the Statement are based on the information and explanations obtained from the Management. The Statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for a professional tax advice.

Our views are based on the existing provisions of the direct tax laws (including Indian Income Tax Act, 1961, as amended) and indirect tax laws, presently 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. Nothing in this para shall limit our liability to any person which cannot be lawfully limited.

Our view is 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 interpretation of the existing tax 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 statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.

Opinion

Based on the procedures performed by us as mentioned above and the information and explanations provided to us by the Management, in our opinion, the possible special tax benefits available as on the date of this report to the Company and its shareholders as identified by the Management in accordance with the direct tax laws (including the Income Tax Act, 1961, as amended) and indirect tax laws, presently in force in India.

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

In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest money based on this Statement.

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

i) the Company and its shareholders will continue to obtain these benefits in the future; or

ii) the conditions prescribed for availing the benefits have been/would be met with; or

iii) the revenue authorities/courts will concur with the views expressed herein.

Restriction on use

This certificate is addressed to and provided to the Board of Directors of the Company, Lead Manager and their legal counsels, Shardul Amarchand Mangaldas & Co., J. Sagar Associates and Hogan Lovells Lee & Lee, solely for the purposes of inclusion of our reports, reference to us and naming us as an ‘expert’ as detailed above in the Placement Documents, pursuant to SEBI ICDR Regulations. This certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

This certificate may be relied upon by the Lead Manager and their legal counsels in relation to the Issue. We hereby authorise to make extracts of, or providing reference to, or using this certificate in the Placement Documents and other offering materials, as required, in connection with the Issue.

The information provided herein is subject to changes, if informed to us by the Company in writing. We undertake to update you of changes to information included in the Placement Documents and offering material in writing, until the Equity Shares of the Company issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the stock exchanges, pursuant to the Issue.

We hereby authorize the Lead Manager to disclose and/or submit this certificate, in case if such disclosures are required (i) by any law, regulations or order of a court or by any governmental or competent regulatory authority; (ii) for establishing a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation and include the details in the Placement Documents and/or use the information for the maintenance of records.

All capitalized terms used herein and not specifically defined shall have the meaning ascribed to them in the preliminary placement document and placement document.

For Sharp & Tannan
Chartered Accountants
Firm registration no: 003792S

V. Viswanathan
Partner
Membership No. 215565
UDIN: 24215565BKGRNF3611

Certificate No. C/CAL/16301
Place: Chennai
Date: June 14, 2024

Annexure A - Statement of special tax benefits

The information outlined below sets out the possible special tax benefits available to the Company and its shareholders 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, under the Indian direct tax laws (including the Income Tax Act) and rules currently in force in India (i.e., applicable for the financial year 2023-24 relevant to the assessment year 2024-25) and current provisions of the indirect tax laws and the rules, regulations, orders, circulars, etc., thereunder. The legislations, their judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the implications listed below. Accordingly, any change or amendments in the law or relevant regulations would necessitate a review of the below. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the possible tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfil. This Statement does not discuss any tax consequences in the 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

A. DIRECT TAXATION:

I. Special Tax Benefits available to the Company:

a) Deduction Under section 80JJAA

The Company can avail deduction under section 80JJAA of Act in respect of employment of new employee (who have been employed for a minimum period of 240 days during the year) @ 30% of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

b) Deduction Under section 80M

As per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company or a foreign company shall be eligible for deduction while computing its total income for the relevant year. 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. Since the Company has investments in Indian companies and foreign subsidiaries, it can avail the above-mentioned benefit under Section 80M of the Act

c) Carry forward and set off of losses

As per the provisions of Section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.

d) Concessional tax rate under section 115BAA

The Company opted from the AY 2022-23 for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under Section 115BAA of the Act, subject to the condition that going forward it does not claim the deductions as specified in Section 115BAA(2) of the Act and computes total income as per the provisions of Section 115BAA(2) of the Act. Proviso to Section 115BAA(5) provides that once the Company opts for paying tax as per Section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other Previous Year.

II. Special Tax Benefits available to the Shareholders under the Act:

a) Section 112A

As per Section 112A, long-term capital gains arising from transfer of an equity share, or a unit of an equityoriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains. The tax on capital gains shall be levied in excess of Indian Rupees One lakh.

b) Dividend Income

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, maximum rate of surcharge would be restricted to 15%, irrespective of the amount of dividend.

c) Surchage on concessional tax regime under Section 115 BAC

Surcharge on personal income capped at 25% for individuals opting for concessional tax regime under section 115BAC. The Finance Act 2023 has capped surcharge on total income of individual assessee opting for concessional tax regime under Section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding for Rs. 5 crores)

d) There are no other special tax benefits available for the shareholders of the Company under the provisions of the Act.

B. INDIRECT TAXATION

I. Special Tax Benefits available to the Company:

The Company is availing the following benefits under certain Indian indirect Tax Laws

a) Export rebate on payment of IGST

In accordance with provisions under Rule 96 of the Central Goods and Services Tax (CGST) Rules, 2017 relating to "Refund of IGST on Exported Goods/ Services", the Company is entitled for refund on GST paid on export of goods.

b) Export under Letter of Undertaking without payment of IGST

As per rule 96A of the CGST Rules, 2017 and vide CBEC Circular No. 8-08-2017- GST dated October 4, 2017, the Company is entitled to avail input tax credit on exports made under Letter of Undertaking without payment of output tax.

c) Export to SEZ unit

As per Section 16 of IGST Act, the Company is eligible to claim input tax credit on sale of goods to units in Special Economic Zones SEZ even though such sales are not taxable.

d) Remission of Duties and Taxes on Exported Products (RoDTEP) and Services Exports from India Scheme (SEIS) scrips:

The Company is entitled for RoDTEP and SEIS scrips under Foreign Trade Policy towards export of goods and services, respectively. These scrips can either be used towards payment of customs duty on import or be sold in the market.

e) Export Promotion Capital Goods (EPCG):

This scheme allows the Company to import capital goods at zero rates of customs duty. The scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within six years from the date of issuance of the authorization.

f) Duty Drawback:

The Company avails Duty Drawback which are made to grant rebate of duty or tax chargeable on any imported / excisable materials and input services used in the manufacture of export goods. The duties and taxes neutralized under the scheme are (i) Customs and Union Excise

Duties in respect of inputs and (ii) Service Tax in respect of input services.

Duty Drawback is of two types: (i) All Industry Rate and (ii) Brand Rate. The legal framework is provided under Section 75 and Section 76 of the Customs Act, 1962 and the Customs and Central Excise Duties and Service Tax Drawback Rules, 1995 (Drawback Rules, 1995) issued under the provisions of Section 75 of the Customs Act, 1962, Section 37 of the Central Excise Act, 1944 and Section 93A read with section 94 of the Finance Act, 1994.

II. Special Tax Benefits available to the Shareholders under the Act:

There are no special tax benefits available for the shareholders of the Company under the provisions of indirect tax laws.

For Craftsman Automation Limited

Authorised Signatory
Name: C.B. Chandrasekar
Designation: Chief Financial Officer
Place: Coimbatore
Date: June 14, 2024

This is the Statement referred to in our report C/CAL/16301 dated June 14, 2024 with UDIN 24215565BKGRNF3611

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

*There may be certain material Indian tax consequences to a U.S. holder (as defined below) of ownership of Equity Shares which are based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Placement Document. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Equity Shares. For information on Indian taxation, refer to the section "**Taxation**" on page 263 of this Placement Document.*

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain material U.S. federal income tax consequences to a U.S. holder (as defined below) for purchasing, owning and disposing of Equity Shares acquired pursuant to this Issue. This summary does not address any aspect of U.S. federal non-income tax laws, such as U.S. federal estate and gift tax laws, or state, local or non-U.S. tax laws, and does not purport to be a comprehensive description of all of the U.S. tax considerations that may be relevant to a particular person's decision to acquire Equity Shares.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The discussion applies to you only if you acquire the Equity Shares in this Issue and you hold the Equity Shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This section does not apply to you if you are a member of a special class of holders subject to special tax rules, including:

- a broker;
- a dealer in securities, commodities or non-U.S. currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or other financial institution;
- a tax-exempt organization;
- an insurance company;
- a regulated investment company;
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- an investor who is a U.S. expatriate, former U.S. citizen or former long term resident of the United States;
- a controlled foreign corporation;
- a passive foreign investment company;
- a mutual fund;
- an individual retirement or other tax-deferred account;
- a holder liable for alternative minimum tax;
- a holder that actually, indirectly or constructively owns 10% or more of (i) the total combined voting power of all classes of the Company voting stock or (ii) the total value of all classes of the Company stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes;

- a holder that holds Equity Shares as part of a straddle, hedging, constructive sale, conversion or other integrated transaction for U.S. federal income tax purposes; or

- a U.S. holder (as defined below) whose functional currency is not the U.S. Dollar.

This section is based on the Code, existing and proposed U.S. Department of the Treasury regulations issued under the Code, legislative history, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing are subject to change at any time, and any change could be retroactive and could affect the accuracy of this discussion. In addition, the application and interpretation of certain aspects of the passive foreign investment company ("PFIC") rules, referred to below, require the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion.

This discussion is not binding on the U.S. Internal Revenue Service ("IRS") or the courts. No ruling has been or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS or a court will not take a different position concerning the U.S. federal income tax consequences of an investment in the Equity Shares or that any such position would not be sustained.

For U.S. federal income tax purposes, you are a "U.S. holder" if you are a beneficial owner of Equity Shares that acquired the shares pursuant to this Issue and you are:

- an individual who is a citizen or resident of the United States;

- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any State thereof or the District of Columbia;

- an estate whose income is subject to U.S. federal income tax regardless of its source; or

- a trust that (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorised to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In addition, this discussion is limited to U.S. holders who are not resident in India for purposes of the Income Tax Treaty between the United States and India.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership and partners in such a partnership should consult their own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares.

Taxation of Dividends

Subject to the PFIC rules described below under "PFIC Considerations", if you are a U.S. holder you generally must include in your gross income as a dividend the gross amount of any distributions of cash or property (other than certain pro rata distributions of Equity Shares) with respect to Equity Shares, to the extent the distribution is paid by our Company out of its current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend as ordinary income at the time of actual or constructive receipt. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Equity Shares and thereafter as capital gain from the sale or exchange of such Equity Shares. Notwithstanding the foregoing, our Company does not intend to maintain calculations of its earnings and profits as determined for U.S. federal income tax purposes. Consequently, distributions generally will be reported as dividend income for U.S. information reporting purposes.

Subject to the PFIC rules described below, dividends paid by a non-U.S. corporation generally will be taxed at the preferential tax rates applicable to long-term capital gain of non-corporate taxpayers if (a) such non-U.S. corporation is eligible for the benefits of certain U.S. treaties or the dividend is paid by such non-U.S. corporation with respect to stock that is readily tradable on an established securities market in the United States, (b) the U.S. holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on shares that have been held by such U.S. holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." If the requirements of the immediately preceding sentence are not satisfied, a dividend paid by a non-U.S. corporation to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. holder should consult its own tax advisor regarding the dividend rules.

Dividends received generally will be income from non-U.S. sources, which may be relevant in calculating your U.S. foreign tax credit limitation. Such non-U.S. source income generally will be "passive category income", which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. holder's particular circumstances. You should consult your own tax advisor to determine the foreign tax credit implications of owning the Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. Dollar value of the Indian Rupee payments made, determined at the spot Indian Rupee/U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Taxation of Sale, Exchange or Other Taxable Disposition of Equity Shares

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of your Equity Shares in a taxable disposition, you generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognized on such a sale, exchange or other disposition of Equity Shares generally will be long-term capital gain if the U.S. holder has held the Equity Shares for more than one year. Long-term capital gains of U.S. holders who are individuals (as well as certain trusts and estates) are generally taxed at preferential rates (currently at a maximum rate of 20%). The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes, unless it is attributable to an office or other fixed place of business outside the United States and certain other conditions are met. Your ability to deduct capital losses is subject to limitations.

Medicare Tax

Certain U.S. holders who are individuals, estates or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income", which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

PFIC Considerations

The Code provides special rules regarding certain distributions received by U.S. persons with respect to, and sales, exchanges and other dispositions, including pledges, of, shares of stock in a PFIC. A non-U.S. corporation will be treated as a PFIC for any taxable year in which either: (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of its gross assets during the taxable year (generally based on the average of the fair market values of the assets determined at the end of each quarterly period) are "passive assets," which generally means that they produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Cash is generally a passive asset. However, under recently proposed U.S. Treasury regulations, on which taxpayers may rely, an amount of cash held in a non-interest bearing financial account that is held for the present needs of an active trade or business and is no greater than the amount necessary to cover operating expenses incurred in the ordinary course of the trade or business and reasonably expected to be paid within 90 days is generally not treated as a passive asset. Further, Goodwill is generally treated as an active asset to the extent attributable to activities that produce or are intended to produce active income. In determining whether a non-U.S. corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Based on the current and projected composition of our income and assets, and the valuation of our assets, including goodwill, we do not expect to become, a PFIC in the current taxable year or the foreseeable future for U.S. federal income tax purposes. However, no assurance can be given that our Company will not be considered a PFIC in the current or any future taxable years. Our Company's possible status as a PFIC must be determined for each year and cannot be determined until the end of each taxable year. Because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our Company's control, including the amount and nature of our Company's income and assets, as well as on the market valuation of our Company's assets, including goodwill, and Equity Shares, and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that our Company is not a PFIC and will not become a PFIC or that the IRS will agree with our conclusion regarding our PFIC status. If our Company was currently or were to become a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code.

If we are a PFIC for any fiscal year during which a U.S. holder holds our Securities, we generally will continue to be treated as a PFIC with respect to that U.S. holder for all succeeding fiscal years during which the U.S. Holder holds our Securities, unless we cease to meet the threshold requirements for PFIC status and that U.S. holder makes a qualifying "deemed sale" election with respect to the Securities. If such an election is made, the U.S. holder will be deemed to have sold the Securities it holds at their fair market value on the last day of the last fiscal year in which we qualified as a PFIC, and any gain from such deemed sale will be subject to the consequences described below. After the deemed sale election, the Securities with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. holder holds our Securities, the U.S. holder may be subject to adverse tax consequences. Generally, gain recognized upon a disposition (including, under certain circumstances, a pledge) of our Securities by the U.S. holder would be allocated ratably over the U.S. holder's holding period for such Securities. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year. Further, to the extent that any distribution received by a U.S. holder on our Securities exceeds 125% of the average of the annual distributions on such Securities received during the preceding three years or the U.S. holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner described immediately above with respect to gain on disposition.

If we are a PFIC for any fiscal year during which any of our non-U.S. subsidiaries is also a PFIC, a U.S. Holder of our Securities during such year will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules to such subsidiary. U.S. holders should consult their tax advisers regarding the tax consequences if the PFIC rules apply to any of our subsidiaries. Alternatively, if we are a PFIC and if our Securities are "regularly traded" on a "qualified exchange", a U.S. holder may be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment described above. Our Securities would be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the Securities are traded on a qualified exchange on at least 15 days during each calendar quarter. However, because a mark-to-market election cannot be made for equity interests in any lower-tier PFIC that we may own, a U.S. holder that makes a mark-to-market election with respect to us may continue to be subject to the PFIC rules with respect to any indirect investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. If a U.S. holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the Securities at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Securities over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the Securities will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our Securities in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless our Securities are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. U.S. holders are urged to consult their tax advisers about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

Alternatively, a U.S. holder of stock in a PFIC may make a so-called "Qualified Electing Fund" election to avoid the PFIC rules regarding distributions and gain described above. The PFIC taxation regime would not apply to a

U.S. holder who makes a QEF election for all taxable years that such U.S. Holder has held our Securities while we are a PFIC, provided that we comply with specified reporting requirements. Instead, each U.S. holder who has made a valid and effective QEF election is required for each taxable year that we are a PFIC to include in income such U.S. Holder's pro rata share of our ordinary earnings as ordinary income and such U.S. Holder's pro rata share of our net capital gains as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. The QEF election is made on a shareholder-by-shareholder basis and generally may be revoked only with the consent of the IRS. Our Company does not intend to provide to U.S. holders the information required to make a valid QEF election and our Company currently makes no undertaking to provide such information. Accordingly, it is currently anticipated that a U.S. holder will not be able to avoid the special tax rules described above by making the QEF election.

In addition, if we are a PFIC or, with respect to particular U.S. holders, are treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a U.S. Holder owns our Securities during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to us, generally with the U.S. holder's federal income tax return for that year. If we are a PFIC for a given taxable year, you should consult your tax advisor concerning your annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. U.S. holders are urged to consult their own tax advisers with respect to the ownership and disposition of our Securities, the consequences if we are or become a PFIC, any elections available with respect to our Securities, and the IRS information reporting obligations with respect to the ownership and disposition of our Securities.

Information with Respect to Foreign Financial Assets

In addition, certain U.S. holders may be subject to certain reporting obligations with respect to Equity Shares if the aggregate value of these and certain other "specified foreign financial assets" exceeds $50,000. If required, this disclosure is made by filing Form 8938 with the IRS. Significant penalties can apply if U.S. holders are required to make this disclosure and fail to do so. In addition, a U.S. holder should consider the possible obligation for online filing of a FinCEN Report 114 - Foreign Bank and Financial Accounts Report as a result of holding Equity Shares. U.S. holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of Equity Shares.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to distributions made on our Equity Shares within the U.S. to a non-corporate U.S. holder and to the proceeds from the sale, exchange, redemption or other disposition of Equity Shares by a non-corporate U.S. holder to or through a U.S. office of a broker. Payments made (and sales or other dispositions effected at an office) outside the U.S. will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (or otherwise establishes, in the manner provided by law, an exemption from backup withholding) or to report dividends required to be shown on the U.S. holder's U.S. federal income tax returns.

Backup withholding is not an additional income tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as credit against the U.S. holder's U.S. federal income tax liability provided that the appropriate returns are filed.

You should consult your own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

The foregoing does not purport to be a complete analysis of the potential tax considerations relating to this Issue, and is not tax advice. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the U.S. federal, state and local tax laws or non-tax laws, non-U.S. tax laws, and any changes in applicable tax laws and any pending or proposed legislation or regulations.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, including those which arise in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceedings, regulatory actions and civil proceedings, which are pending before various adjudicating forums.

*As on the date of this Placement Document, except as disclosed below, there are no outstanding legal proceedings which have been considered material in accordance with our Company's 'Policy for Determination of Materiality and Disclosure of Material Events/ Information' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated May 24, 2018 and last amended pursuant to a resolution of our Board dated July 24, 2023 (the "**Materiality Policy**"). For the purpose of identification of litigation, pursuant to the terms of the policy approved by the Fund Raising Committee in its meeting held on June 18, 2024, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable: (i) all outstanding criminal proceedings involving the Company and its subsidiaries; (ii) all outstanding actions (including notices received) by regulatory and/ or statutory authorities involving the Company and its subsidiaries; (iii) all outstanding claims related to direct and indirect tax matters involving the Company and its Subsidiaries on a consolidated basis; and (iv) all other pending litigation, involving the Company and its Subsidiaries, exceeding the Materiality Amount.*

*For the purpose of (iv) above, all outstanding litigation (other than otherwise covered in this section) involving the Company and/ or its subsidiaries shall be disclosed, if the monetary amount of claim by or against the entity in any such pending proceeding is in excess of Rs. 1,252.30 lakhs (i.e. 5% of the average of the absolute value of the profit/ loss after tax as per the last three annual consolidated financial statements of the Company) ("**Materiality Amount**") shall be disclosed.*

Further, we have also disclosed:(i) details of any inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013, or any previous companies law, in the last three years immediately preceding the year of issue of this Placement Document, against our Company and our Subsidiaries; (ii) significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Company and its future operations; (iii) any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of issue of this Placement Document for our Company and our Subsidiaries; (ii) details of material frauds committed against the Company in the last three years, and if so, the action taken by our Company; (iv) details of default, if any, by our Company, 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 interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) details of default in annual filing of our Company under the Companies Act, 2013; (vi) all litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of issue of this Placement Document and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any; and (vii) reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of the issue and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.

It is clarified that for the purposes of the above, pre-litigation notices received by the Company and its subsidiaries from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be considered as litigation till such time that the Company and its subsidiaries, are impleaded as parties in any such proceedings before any judicial/ arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

A. Litigation involving our Company

Criminal proceedings against our Company

As on the date of this Placement Document, there are no pending criminal proceedings initiated against our Company.

Criminal proceedings by our Company

As on the date of this Placement Document, there are no pending criminal proceedings initiated by our Company.

Proceedings initiated by statutory or regulatory authorities against our Company

As on the date of this Placement Document, there are no proceedings initiated by statutory or regulatory authorities against our Company.

Material civil proceedings initiated by our Company

As on the date of this Placement Document, there are no pending material civil proceedings initiated by our Company.

Material civil proceedings against our Company

As on the date of this Placement Document, there are no pending material civil proceedings initiated against our Company.

B. Litigation involving our Subsidiaries

Criminal proceedings against our Subsidiaries

As on the date of this Placement Document, there are no pending criminal proceedings initiated against our Subsidiaries.

Criminal proceedings by our Subsidiaries

As on the date of this Placement Document, there are no pending criminal proceedings initiated by our Subsidiaries.

Proceedings initiated by statutory or regulatory authorities against our Subsidiaries

As on the date of this Placement Document, there are no proceedings initiated by statutory or regulatory authorities against our Company.

Material civil litigation against our Subsidiaries

As on the date of this Placement Document, there are no pending material civil proceedings initiated against our Subsidiaries.

Material civil litigation by our Subsidiaries

As on the date of this Placement Document, there are no pending material civil proceedings initiated by our Subsidiaries.

C. Significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Company and its future operations

As on the date of this Placement Prospectus, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Company and its future operations.

D. Litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against our Promoter during the last three years

Nil

E. Inquiries, inspections, or investigations initiated or conducted under the Companies Act, 2013 initiated or conducted in the last three years against our Company and our Subsidiaries

Nil

F. Prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years against our Company and Subsidiaries

As on the date of this Placement Document, there have been no prosecutions filed or fines imposed or offences compounded against our Company and Subsidiaries in the last three years immediately preceding the year of the Issue.

G. Details of acts of material frauds committed against our Company in the last three years

As of the date of this Placement Document, there are no material frauds committed against our Company during the last three years.

H. Details of default, if any, by our Company including therein the amount involved, duration of default and present status, in repayment of: (a)statutory dues; (b) debentures and interests thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon

As on the date of this Placement Document, there are no pending defaults by our Company.

I. Details of defaults in annual filing of our Company under the Companies Act, 2013

As on the date of this Placement Document, there are no defaults in annual filing of our Company under the Companies Act, 2013.

J. Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Placement Document and their impact on the financial statements and financial positions of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

There are no reservations, qualifications or adverse remarks of our Auditors in last five Fiscals immediately preceding the year of issue of this Placement Document. However, our Auditors have included certain matters of emphasis in their audit reports in relation to our audited consolidated financial information as at and for Fiscal 2020 and 2021. For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations – Reservations, qualifications, or adverse remarks of our Auditors in the last five Fiscals immediately preceding the year of this Placement Document***" on page 112.

K. Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company and its Subsidiaries.

Nature of case	Number of cases	Amount involved (*in ₹ lakhs*)
Company		
Direct Tax	5	822.56
Indirect Tax	3	90.02
Total (A)	**8**	**912.58**
Subsidiaries		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Total (B)	**Nil**	**Nil**

OUR STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013, Sharp & Tannan, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a shareholders' resolution dated May 20, 2020, for a period of five years for the Fiscal 2021 to Fiscal 2026.

Sharp & Tannan, Chartered Accountants, our Company's Statutory Auditors have audited the Audited Consolidated Financial Statements and have issued their audit reports which are included in this Placement Document in the "***Financial Information***" on page 278.

The peer review certificate of our Statutory Auditors is valid as of the date of this Placement Document.

FINANCIAL INFORMATION

INDEPENDENT AUDITORS' REPORT
To the members of Craftsman Automation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Craftsman Automation Limited** (hereinafter referred to as the "Company" / "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a joint venture which include Group's share of profit in joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2022, 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 ended on that date and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us 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 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, its associates and joint venture as at 31 March 2022, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and 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 Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of the Group and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence 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 we have obtained 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. 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 matters described below to be the key audit matters to be communicated in our report.

S. No	Key audit matter description and principal audit procedures
1	**Accounting for derivative contracts** Refer Notes B.8, 1.8, 1.15, 1.21, 1.27, 2.8 and 3.6 in consolidated financial statements A significant source of Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates. The Company's cost of borrowing will be impacted by fluctuations in foreign exchange rates and movement in interest rates. The Company's mitigation plan for risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy. These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the expert used by the management. As at 31 March 2022, the carrying value of the Company's derivatives included derivative assets amounting to Rs. 855 Lakhs and derivative liabilities of Rs. 538 Lakhs. Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting & disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These class of transactions are material with respect to the financial statements.
	Our procedures related to audit of accounting for derivative contracts include the following • understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions; • examining the derivative contracts; • testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including: o understanding the risk management objectives and strategies for different types of hedge instruments;

S. No	Key audit matter description and principal audit procedures
	○ evaluating that the relationship between the underlying liability and the hedge instrument; ○ using an expert for auditing the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument; • evaluating competence and capabilities of the auditor's experts and ensuring independence; • involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges; • testing on sample basis the valuation of derivative instruments by management expert; • for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end; • checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.
2	**Accounting for Property, Plant and Equipment** Refer Notes B.4, B.6, 1.1, 1.2 and 2.6 in consolidated financial statements Property, plant and equipment including capital work in progress ('PPE') represents 56% of the Company's total assets. The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties). Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management. The Company carries out physical verification of PPE as per their policy on an annual basis. The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit (CGU) using judgement and estimating future cash flows arising of out of such CGUs. Due to the material value to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of these financial statements

S. No	Key audit matter description and principal audit procedures

	Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following:
	• evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over:
	  o measurement of initial recognition costs including costs of self-constructed PPE;
	  o valuation of PPE and review of useful lives including depreciation rates applied;
	  o periodic physical verification of property, plant and equipment by the management;
	• testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards;
	• wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same;
	• reviewing the residual value of PPE considered by the management for consistency and appropriateness;
	• understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same;
	• checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any;
	• checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss;
	• physically inspecting a sample of assets at one of the main units of the Company during the year to ensure existence of PPE;
	• reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Board of Directors of the Holding Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report and Annexures to Board's Report including the report on Corporate Governance, but does not include the consolidated financial statements and our report 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 and, in doing so, 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. If, based on the work we have performed, 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 Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and the joint venture 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 and its joint venture 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 joint venture and for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 its joint venture is responsible for overseeing the financial reporting process of the Group and its joint venture.

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 over financial reporting 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 Holding Company have adequate internal financial controls over financial reporting system in place with reference to the financial statements 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 of the Holding Company.

- 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 joint venture 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, its associates and joint venture 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 joint venture 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 the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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 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

a. The consolidated financial statements include the Group's share of profit after tax of Rs. 38 Lakhs and total comprehensive income of Rs. 39 Lakhs for the year ended 31 March 2022, in respect of a joint venture, whose financial statements have not been audited by us. The financial information of the joint venture has been audited by other auditor whose report has been furnished to us by the Holding Company's 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 joint venture, is based solely on the report of such other auditor.

b. The consolidated financial statements include the financial statements of subsidiaries, Craftsman Automation Singapore Pte. Ltd., which has been liquidated and Craftsman Europe B.V., whose financial statements reflect total assets of Rs. 2,210 Lakhs and net assets of Rs. 1,975 Lakhs as at 31 March 2022, total revenues of Rs. 1,936 Lakhs, net profit after tax of Rs. 194 Lakh, total comprehensive income of Rs. 185 Lakhs and net cash inflows amounting to Rs. 183 Lakhs for the year ended on that date, have not been audited by us. These financial statements of the subsidiaries are unaudited and has been furnished to us by the Holding Company's 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, is based solely on such unaudited financial statements certified by the Holding Company's management. In our opinion and according to the information and explanations given to us by the Holding Company's management, financial statements of the subsidiaries are not material to the Group.

Our opinion above on the consolidated financial statements are not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

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 and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and 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 and read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditors of its group companies incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31 March 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 our report of the Holding Company and its group companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for those Companies.

(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 Holding Company 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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. the Group, as detailed in Note 3.8 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;

ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or the joint venture.

iv. a) the respective managements of the Company and its group companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its group companies to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) the respective managements of the Company and its group companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or its group companies from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 performed by us on the Company and its group companies 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. as stated in Note 1.18 to the consolidated financial statements, the Board of Directors of the Company 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 dividend proposed is in accordance with section 123 of the Act, as applicable.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 22215565AIQIYC1271

Place: Coimbatore
Date: 09 May 2022

Annexure A to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Craftsman Automation Limited of even date)

Independent Auditors' 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')

We have audited the internal financial controls over financial reporting of Craftsman Automation Limited ("the Holding Company") and its group companies, which are incorporated in India, as of 31 March 2022 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its group companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 Holding 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its group companies, which are incorporated in India, based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 consolidated 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 system over financial reporting of the Company and its group companies, which are incorporated in India.

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 the consolidated 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 consolidated 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 consolidated 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 and to the best of our information and according to the explanations given to us, the Company and its group companies, which are 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 of 31 March 2022, based on the internal control over financial reporting criteria established by the Holding Company 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 SHARP & TANNAN
Chartered Accountants
(Firm’s Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 22215565AIQIYC1271

Place: Coimbatore
Date: 09 May 2022

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Balance Sheet as at March 31 2022

(Rupees in Lakhs)

ASSETS	Note No.	As at March 31 2022	As at March 31 2021
Non-current assets			
Property, Plant and Equipment	1.1	1,45,372	1,42,028
Capital Work in progress	1.2	4,198	3,198
Other Intangible assets	1.3	424	678
Right-of-use Asset	1.4	8,582	8,343
Investments accounted for using equity method	1.5	235	195
Financial assets			
Investments	1.6	30	30
Security Deposits	1.7	2,514	2,072
Other Financial assets	1.8	43	146
Other non-current assets	1.9	3,141	1,201
		1,64,539	1,57,891
Current assets			
Inventories	1.10	62,641	40,564
Financial assets			
Trade receivables	1.11	29,621	23,895
Cash and cash equivalents	1.12	2,943	3,127
Other bank balances	1.13	1,405	1,539
Security Deposits	1.14	335	330
Other Financial assets	1.15	865	494
Other Current assets	1.16	5,129	7,350
		1,02,939	77,299
Total Assets		**2,67,478**	**2,35,190**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	1.17	1,056	1,056
Other Equity	1.18	1,12,518	95,887
		1,13,574	96,943
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	1.19	37,378	43,719
Lease Liabilities	1.20	6,685	8,303
Other Non-Current Financial Liabilities	1.21	355	904
Provisions	1.22	-	21
Deferred tax liabilities (Net)	1.23	11,678	6,838
		56,096	59,785
Current liabilities			
Financial Liabilities			
Borrowings	1.24	34,182	26,635
Lease Liabilities	1.25	1,710	1,941
Trade payables	1.26		
(a) total outstanding dues of micro enterprises & small enterprises		554	1,841
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		45,702	33,375
Other current Financial Liabilities	1.27	7,374	8,603
Current tax liabilities (Net)	1.28	690	67
Other current liabilities	1.29	7,125	5,647
Provisions	1.30	471	353
		97,808	78,462
Total Equity and Liabilities		**2,67,478**	**2,35,190**

The accompanying notes form an integral part of the consolidated financial statements

This is the Balance Sheet referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 09-May-2022

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 09-May-2022

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Statement of Profit and loss for the year ended March 31 2022

(Rupees in Lakhs)

Particulars	**Note No.**	**Year ended March 31 2022**	**Year ended March 31 2021**
INCOME			
Revenue From Operations	2.1	2,21,702	1,55,995
Other Income	2.2	740	1,008
Total Income		**2,22,442**	**1,57,003**
EXPENSES			
Cost of materials consumed	2.3	1,06,549	67,275
Changes in inventories of finished goods and work-in-progress	2.4	(3,144)	(622)
Employee benefits expense	2.5	18,776	14,462
Depreciation, amortization and impairment expense	2.6	20,599	19,245
Other expenses	2.7	46,105	31,056
Finance costs	2.8	8,422	10,728
Total expenses		**1,97,307**	**1,42,144**
Profit before tax		**25,135**	**14,859**
Share of profit from JV		38	17
Profit before tax		**25,173**	**14,876**
Tax expense:			
(1) Current tax for the year		8,849	5,432
Current tax pertaining to earlier years	3.3	6	(43)
Net Current Tax		8,855	5,389
(2) Deferred tax		9	(249)
Profit for the year		**16,309**	**9,736**
Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		6	(249)
- Equity Instruments through OCI		-	(110)
- Share of OCI of Joint Venture accounted for using equity method		1	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2)	87
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		(9)	49
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		785	1,088
(ii) Income tax relating to items that will be reclassified to profit or loss		(274)	(380)
Other Comprehensive Income for the year, net of tax		**507**	**485**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**16,816**	**10,221**
Earnings per equity share Basic & Diluted (Face value of ₹. 5/-)			
- for continuing operations	3.5	77.19	48.32
- for discontinued operations		-	-
- for continuing & discontinued operations		77.19	48.32

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Profit & Loss referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 09-May-2022

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 09-May-2022

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Cashflow Statement for the year ended March 31 2022

(Rupees in Lakhs)

Particulars	Year ended March 31 2022	Year ended March 31 2021
Cash flows from operating activities		
Profit before taxation ('PBT')	**25,173**	**14,876**
Adjustments to reconcile PBT to net cash flows:		
Depreciation, amortization and impairment expense	20,598	19,245
Gain on sale of assets	(141)	(59)
Exchange difference on transaction/translation (loss/(gain))	367	(1,065)
Share of Profit of Joint Venture	(38)	(17)
MTM (Gain) / Loss - Derivative -(Net)	(14)	13
Provision for :	-	
Doubtful debts	(57)	(13)
Warranty & Rejection	40	(25)
Slow moving inventory	485	175
Interest income (including fair value changes in financial instruments)	(233)	(210)
Government grant income	(2,317)	(2,369)
Liabilities no longer required written back	-	(17)
Assets no longer receivable written off (including exceptional item)	-	195
Interest expense (including fair value changes in financial instruments)	7,699	11,086
Operating cash flow before changes in working capital	**51,562**	**41,815**
Adjustments for:		
Increase/ (Decrease) in provisions	62	(101)
Increase/ (Decrease) in other financial liabilities	(3,111)	4,104
Increase/ (Decrease) in other current liabilities	2,641	1,025
Increase/ (Decrease) in Trade Payables and other Payables	11,048	7,104
(Increase)/ Decrease in other non-current assets	-	256
(Increase)/ Decrease in other financial assets	(586)	187
(Increase)/ Decrease in other current assets	2,646	(3,746)
(Increase)/ Decrease in trade and other receivables	(5,303)	(3,955)
(Increase)/ Decrease in inventories	(22,562)	(8,178)
Cash generated from operations	**36,397**	**38,511**
Income taxes paid	(3,676)	(2,273)
Net cash from operating activities - A	**32,721**	**36,238**
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,267)	(9,861)
Purchase of Intangible	(22)	(67)
Proceeds from sale of equipment	258	321
Interest received	138	118
Net cash used in investing activities - B	**(20,893)**	**(9,489)**
Cash flows from financing activities		
Proceeds from issue of shares	(185)	14,563
Proceeds from long-term borrowings	10,505	9,378
Repayment of long term borrowings	(13,911)	(33,248)
Net proceeds from short-term borrowings	3,508	(8,359)
Principal payments towards lease liability	(4,234)	(1,004)
Interest paid (incl. interest on lease liability)	(7,687)	(10,932)
Net cash used in financing activities- C	**(12,004)**	**(29,602)**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	(176)	(2,853)
Cash and cash equivalents at beginning of year	3,127	5,976
Effect of exchange rate changes on cash and cash equivalents	(8)	4
Cash and cash equivalents at end of year	**2,943**	**3,127**

Notes:

1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement

Cash & cash equivalents consists of:	As at March 31 2022	As at March 31 2021
Cash and cash equivalents (note : 1.12)	**2,943**	**3,127**
Total	**2,943**	**3,127**

2. Refer to note: 1.19 for Net Debt Reconciliation

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Cash Flows referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 09-May-2022

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 09-May-2022

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Statement of Changes in Equity

(Rupees in Lakhs)

a. Equity Share Capital	**Balance at the beginning of April 1,2021**	**Changes in equity share capital during the period**	**Balance as at March 31, 2022**
	1,056	0	1,056

b. Other Equity	**Reserves and Surplus**			**Other Comprehensive Income**				
	Securities Premium Reserve	**General Reserve**	**Retained Earnings**	**Share in Networth of Joint Venture**	**Equity Instruments through Other Comprehensive Income**	**Effective portion of Cash Flow Hedges**	**Foreign Currency Translation Reserve**	**Total**
Balance as at April 1,2020	**13,795**	**9,662**	**49,304**	**119**	**(211)**	**(1,661)**	**145**	**71,153**
Profit for the year	-	-	9,719	17	-	-	-	9,736
Other Comprehensive Income	-	-	-	-	(110)	708	49	647
- Defined Benefit Plan	-	-	(162)	-	-	-	-	(162)
Total Comprehensive Income for the year	**-**	**-**	**9,557**	**17**	**(110)**	**708**	**49**	**10,221**
Issues of shares	14,513	-	-		-	-		14,513
Dividends	-	-	-		-	-		-
Balance as at March 31,2021	**28,308**	**9,662**	**58,861**	**136**	**(321)**	**(953)**	**194**	**95,887**
Profit for the year	-	-	16,271	38	-	-	-	16,309
Other Comprehensive Income	-	-	-		-	511	(9)	502
- Defined Benefit Plan	-	-	4	1	-	-		5
Total Comprehensive Income for the year	**-**	**-**	**16,275**	**39**	**-**	**511**	**(9)**	**16,816**
Issues of shares (refer note 3.12)	(185)	-	-		-	-		(185)
Dividends	-	-	-		-	-		-
Balance as at March 31,2022	**28,123**	**9,662**	**75,136**	**175**	**(321)**	**(442)**	**185**	**1,12,518**

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Changes in Equity referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 09-May-2022

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 09-May-2022

Notes annexed to and forming part of Consolidated Financial Statements:

A. CORPORATE INFORMATION

The Consolidated Financial Statements comprise of Financial Statements of Craftsman Automation Limited (the Company), its subsidiaries and its joint venture (collectively "the Group") for the year ended 31st March 2022. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on 30th April 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated 4th May 2018. The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the Financial Statements is based on Schedule III of the Companies Act,2013.

B1. BASIS OF PREPARATION

The items included in Consolidated Financial Statements of each of the Group entities are measured using the currency of the primary economic environment (functional currency) in which each of the Group's entity operates. The consolidated financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated. In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Derivative financial instruments
ii) Certain financial assets and liability measured at fair value (refer note. 3.6)
iii) Defined Benefit Obligation.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Group has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

B.2 Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i. **Useful life of Property, Plant and Equipment and Intangibles**
The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Group.

ii. **Tools in use**
The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii. **Income Taxes**
The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

iv. **Fair Value**
Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statements of Profit & Loss. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

v. **Measurement of defined benefit obligations**

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

vi. **Measurement and likelihood of occurrence of provisions and contingencies**

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

vii. **Recognition of deferred tax asset**

The Group estimates the possible utilization of unabsorbed losses while recognizing deferred tax asset considering the future business plans and economic environment.

B.3 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries, joint venture and associates. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity.
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits, unrealised losses from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate Financial Statements.

B.4 PROPERTY PLANT AND EQUIPMENT

Recognition and Measurement

All Property Plant & Equipment (PPE) barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7AA and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs is covered by Ind AS 23 criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant and equipment.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

The Company in respect of all PPE barring land elected to continue with the carrying value of the relevant PPE as recognized in the financial statements as at transition date to Ind-AS measured as per the previous GAAP duly adjusting for the import duty waiver and used that as the deemed cost as at transition date pursuant to exemption under Ind –AS 101. The Company elected to fair value the land as at transition date and use that fair value as the deemed cost.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit or loss

B.5 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, · the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

B.6 IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

B.7 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.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

B.8 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through Other Comprehensive Income. Fair value of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Group has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6b sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “Other Income”.

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

B.9 INVENTORIES

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at–cost or Net Realizable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realizable value in the last two months.

ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

B.10 PROVISIONS

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is
(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
(b) a present obligation that arises from past events but is not recognised because:
    (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    (ii) the amount of the obligation cannot be measured with sufficient reliability.
Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the value of management's best estimate of possible rejections within the next one quarter.

B.11 REVENUE RECOGNITION

Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

Other Operating revenues
Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

B.12 BORROWING COST

Since the Group does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Group. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

B.13 GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

B.14 EMPLOYEE BENEFITS

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on 7 July 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on 28 September 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

Defined benefit plans

Gratuity

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Voluntary Retirement Scheme

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Group can no longer withdraw the offer of termination benefit or when the Group recognises any related restructuring costs.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

B.15 FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.8 for hedging accounting policies).

B.16 FOREIGN OPERATIONS

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of Craftsman Europe BV is EURO and the functional currency of Craftsman Automation Singapore Pte Limited is Singapore Dollar (S$).

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

B.17 INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

<u>Current Tax</u>

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Group's right of adjustment would lapse.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

B.18 SEGMENT REPORTING

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- Automotive- Powertrain & Others : This segment develops, manufactures, sells its goods and services of powertrain & other products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining equipment.

- Automotive- Aluminium Products : This segment develops, manufactures, sells its goods and services consisting of aluminium automotive products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.
- Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

Craftsman Automation Limited
Notes to Consolidated Financial Statements for the year ended March 31 2022
1.1 PROPERTY, PLANT & EQUIPMENT **(Rupees in Lakhs)**

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 1, 2020	**7,664**	**18,292**	**1,78,478**	**1,746**	**522**	**114**	**2,06,816**
Additions	-	1,178	14,732	42	12	-	15,964
Disposals	-	132	515	1	-	5	653
Translation reserve	-	-	-	1	-	-	1
At March 31, 2021	**7,664**	**19,338**	**1,92,695**	**1,788**	**534**	**109**	**2,22,128**
Additions	787	3,057	17,319	284	13	86	21,546
Disposals	-	-	681	7	29	41	758
Translation reserve	-	-	-	-	-	-	-
At March 31, 2022	**8,451**	**22,395**	**2,09,333**	**2,065**	**518**	**154**	**2,42,916**
Depreciation							
At April 1, 2020	**-**	**3,600**	**59,016**	**1,247**	**189**	**94**	**64,146**
Additions	-	1,033	15,074	177	53	8	16,345
Disposals	-	132	254	1	-	5	392
Translation reserve	-	-	-	1	-	-	1
At March 31, 2021	**-**	**4,501**	**73,836**	**1,424**	**242**	**97**	**80,100**
Additions	-	829	17,042	154	54	7	18,086
Disposals	-	-	565	7	29	41	642
Translation reserve	-	-	-	-	-	-	-
At March 31, 2022	**-**	**5,330**	**90,313**	**1,571**	**267**	**63**	**97,544**
At April 1, 2020	7,664	14,692	1,19,462	499	333	20	1,42,670
At March 31, 2021	7,664	14,837	1,18,859	364	292	12	1,42,028
At March 31, 2022	**8,451**	**17,065**	**1,19,020**	**494**	**251**	**91**	**1,45,372**

* Includes WDV of improvements on leasehold buildings worth Rs. 438 lakhs as on 31.03.2022 (WDV of Rs. 655 lakhs as on 31.03.2021)

1.3 OTHER INTANGIBLE ASSETS **(Rupees in Lakhs)**

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 1, 2020	**2,040**	**636**	**430**	**3,106**
Additions	68	-	-	68
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2021	**2,108**	**636**	**430**	**3,174**
Additions	21	-	-	21
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2022	**2,129**	**636**	**430**	**3,195**
Depreciation				
At April 1, 2020	**1,179**	**636**	**229**	**2,044**
Additions	280	-	172	452
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2021	**1,459**	**636**	**401**	**2,496**
Additions	246	-	29	275
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2022	**1,705**	**636**	**430**	**2,771**
At April 1, 2020	861	-	201	1,062
At March 31, 2021	649	-	29	678
At March 31, 2022	**424**	**-**	**-**	**424**

1.2 CAPITAL WORK IN PROGRESS **(Rupees in Lakhs)**

TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
8,882	**-**	**8,882**
2,023	-	2,023
7,433	-	7,433
-	-	
3,472	**-**	**3,472**
4,182	-	4,182
3,456	-	3,456
-	-	
4,198	**-**	**4,198**
Impairment of CWIP		
-	-	**-**
274	-	274
-	-	-
-	-	
274	**-**	**274**
94	-	94
368	-	368
-	-	
-	**-**	**-**
8,882	-	8,882
3,198	-	3,198
4,198	**-**	**4,198**

Note:
1. Additions to PPE & CWIP include exchange gain or loss aggregating to Rs.53 lakhs for the year 2020-21 (Rs.175 lakhs for the year 2019-20) capitalised under Plant & Machinery
2. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.9

(a) CWIP ageing schedule

As on 31-Mar-2022

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	4,198	-	-	-	4,198
Projects temporarily suspended	-	-	-	-	-
	4,198	**-**	**-**	**-**	**4,198**

As on 31-Mar-2021

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,036	654	97	411	3,198
Projects temporarily suspended	-	-	-	-	-
	2,036	**654**	**97**	**411**	**3,198**

(b) For CWIP whose completion is overdue or has exceeded its cost compared to its original plan

As on 31-Mar-2022 **NIL**

As on 31-Mar-2021

Particulars	To be completed in				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Various machines	1,162	-	-	-	1,162
	1,162	**-**	**-**	**-**	**1,162**

NOTE No. 1.4
RIGHT-OF-USE ASSETS

(Rupees in Lakhs)

Particulars	As at March 31 2022	As at March 31 2021
Opening	8,342	10,847
Additions	2,476	573
Depreciation expense	(2,145)	(2,176)
Deletions	(91)	(901)
Closing	**8,582**	8,343

Refer note: B.7 & 3.10a for detailed disclosures

NOTE No. 1.5
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD **(Rupees in Lakhs)**

Particulars	As at March 31 2022	As at March 31 2021
Investment in Equity of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd (30% stake)		
600,000 equity shares of Rs.10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	136	119
Share of current year profits in Joint Venture	39	16
	235	**195**

FINANCIAL ASSETS
NOTE No. 1.6
NON CURRENT INVESTMENTS

(Rupees in Lakhs)

Particulars	As at March 31 2022	As at March 31 2021
Investment in Equity instruments (at Fair Value through OCI)		
Unquoted		
MC Machinery Systems India Private Ltd (10% stake) (Formerly known as MC Craftsman Machinery Private Ltd) 2,10,000 equity shares of Rs.100 each fully paid up. Sold entirely on 30-Nov-21	-	-
iEnergy wind farm (Theni) Private Ltd # 4550 equity shares of Rs.10 each fully paid up	-	-
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	**5**	**5**
Bhatia Coke & Energy Limited 34,810 equity shares of Rs.10 each fully paid up (cost Rs. 10,999,960)	-	-
Hurricane Windfarms Pvt Limited (26% stake)* 39,000 equity shares of Rs.10 each fully paid up	**4**	**4**
Watsun Infrabuild Private Limited 209,252 equity shares of Rs. 10 each fully paid up	**21**	**21**
Total	**30**	**30**

*Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

amount is below rounding off norms adopted by the Company

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments including deemed equity	**30**	**30**
Aggregate amount of impairment in value of investments	-	-

NOTE No. 1.7
SECURITY DEPOSIT- NON CURRENT

Particulars	As at March 31 2022	As at March 31 2021
Rent Deposit	1,356	1,019
Other Deposits	1,158	1,053
Total	**2,514**	**2,072**

NOTE No. 1.8
OTHER NON-CURRENT FINANCIAL ASSETS

Currency swap & IRS Derivative	**43**	**146**

NOTE No. 1.9
OTHER NON CURRENT ASSETS
Unsecured, considered good unless otherwise stated

Particulars	As at March 31 2022	As at March 31 2021
Capital Advances	3,169	1,229
Less: Provision for doubtful advances to supplier	(28)	(28)
Total	**3,141**	**1,201**

NOTE No. 1.10
INVENTORIES

Particulars	As at March 31 2022	As at March 31 2021
Raw Materials, Components and Consumables	33,366	17,183
Work-in-progress	10,758	7,614
Finished goods	2,771	2,771
Consumable Stores	3,919	3,731
Tools in use	2,848	1,960
Machinery Spares	8,185	6,684
Packing Materials	414	349
Stock in transit	380	272
Total	**62,641**	**40,564**

Inventory valued at NRV	496	575
Amount written down to arrive at NRV*	311	128

* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

Provision for slow moving inventory made in the current year is Rs. 485 lakhs (previous year is Rs. 175 lakhs)

NOTE No. 1.11
TRADE RECEIVABLES

Particulars	As at March 31 2022	As at March 31 2021
Considered good - Secured	-	-
Considered good - Unsecured	29,621	23,895
Significant increase in Credit Risk	550	607
Credit impaired	184	184
Less: Provision for doubtful debts	(734)	(791)
Total	**29,621**	**23,895**

Receivables from related parties - refer note 3.7

Movement in Provision for doubtful debt is as follows (including under ECL model):

	Opening	Allowance made during the year	write off during the year	Closing
March 31, 2022	791	(57)	-	734
March 31, 2021	803	187	(199)	791

Particulars	Ageing as on 31-03-22					
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	Grand Total
Undisputed						
(i) Considered good	28,617	948	56	-	-	**29,621**
(ii) significant increase in credit risk	-	-	286	152	101	**539**
(ii) Credit impaired	-	-	-	-	73	**73**
Disputed						
(iv)Considered good	-	-	-	-	-	**-**
(v)significant increase in credit risk	-	-	-	-	-	**-**
(vi)Credit impaired	-	-	8	4	110	**122**
Gross Total						**30,355**
Less: Provision for doubtful debts						-734
Total						**29,621**

Particulars	Ageing as on 31-03-21					
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	Grand Total
Undisputed						
(i) Considered good	22,856	879	160	-	-	**23,895**
(ii) significant increase in credit risk	-	-	341	203	64	**608**
(ii) Credit impaired	-	-	-	64	9	**73**
Disputed						
(iv)Considered good	-	-	-	-	-	**-**
(v)significant increase in credit risk	-	-	-	-	-	**-**
(vi)Credit impaired	-	-	-	33	77	**110**
Gross Total						**24,686**
Less: Provision for doubtful debts						-791
Total						**23,895**

NOTE No. 1.12
CASH AND CASH EQUIVALENTS

Particulars	As at March 31 2022	As at March 31 2021
a. Balances with banks	2,936	3,125
b. Cash on hand	7	2
Total	**2,943**	**3,127**

NOTE No. 1.13
OTHER BANK BALANCES

Particulars	As at March 31 2022	As at March 31 2021
Margin money against LC & Guarantee	1,377	1,151
Earmarked balances with banks	27	-
Other Deposits	1	388
Total	**1,405**	**1,539**

NOTE No. 1.14
SECURITY DEPOSIT-CURRENT

Particulars	As at March 31 2022	As at March 31 2021
Security Deposits -Current	**335**	**330**

NOTE No. 1.15
OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31 2022	As at March 31 2021
Currency swap, Interest Rate Swaps ('IRS') & Forward cover derivative	812	425
Interest receivable	53	69
Total	**865**	**494**

NOTE No. 1.16
OTHER CURRENT ASSETS

Particulars	As at March 31 2022	As at March 31 2021
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	702	832
Advance to Suppliers (Other than Capital Goods)	2,763	5,117
Prepaid Expenses	1,240	1,097
Advance to Employees	98	34
Contract assets - Unbilled Revenue	170	170
Others	156	100
Total	**5,129**	**7,350**

NOTE No. 1.17
EQUITY SHARE CAPITAL

Particulars	As at March 31 2022		As at March 31 2021	
	Nos.	Amount	Nos.	Amount
Authorised				
Equity Shares of Rs.5 each	4,00,00,000	2,000	4,00,00,000	2,000
Issued, called, subscribed & Paid Up				
Equity Shares of Rs.5 each	2,11,28,311	1,056	2,11,28,311	1,056
Total	**2,11,28,311**	**1,056**	**2,11,28,311**	**1,056**

The movement of equity shares is as below

Particulars	As at March 31 2022		As at March 31 2021	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	**2,11,28,311**	**1,056**	2,01,21,600	1,006
Additions due to issue of shares	-	-	10,06,711	50
Shares outstanding at the end of the year	**2,11,28,311**	**1,056**	2,11,28,311	1,056

Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31 2022		As at March 31 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S Ravi	1,05,00,000	49.70%	1,05,00,000	49.70%
S Murali	21,26,260	10.06%	21,26,260	10.06%
Marina III (Singapore) Pte Limited	11,56,808	5.48%	11,56,808	5.48%
Total	1,37,83,068	65.24%	1,37,83,068	65.24%

Details of Promoter's shareholding in the company

Name of the Promoter	As at March 31 2022			As at March 31 2021		
	No. of Shares held	% of Holding	% Change	No. of Shares held	% of Holding	% Change
Promoter						
S Ravi	1,05,00,000	50%	0%	1,05,00,000	50%	-1%
Promoter Group						
Murali S	21,26,260	10%	0%	21,26,260	10%	0%
Chithra Ravi	200	0%	0%	200	0%	0%
Gautham Ram R	200	0%	0%	200	0%	0%
Mirthula R	200	0%	0%	200	0%	0%
Total	1,26,26,860	60%	0%	1,26,26,860	60%	-1%

For the period of five years immediately preceding the balance sheet date

i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

Sub-division of shares:

The shareholders of the company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of Rs.100/- each into equity shares having a face value of Rs.5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value Rs.5/- each from that date.

Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on 25 March 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of Rs.5 each at an offer price of Rs. 1,490 per share.

NOTE No. 1.18
OTHER EQUITY

Particulars		As at March 31 2022	As at March 31 2021
Reserves & Surplus			
Securities Premium	A	28,123	28,308
General Reserves	B	9,662	9,662
Retained Earnings	C	75,136	58,861
Total Reserves & Surplus		1,12,921	96,831
Cash Flow Hedging Reserve	D	(442)	(953)
Equity instruments through Other Comprehensive Income		(321)	(321)
Foreign currency translation reserve		185	194
Share of Networth in JV		175	136
Total		**1,12,518**	**95,887**

Additions and Deductions since the last balance sheet date:
(i) Securities Premium Account

	As at March 31 2022	As at March 31 2021
Opening balance	28,308	13,795
Premium on fresh issue of shares	-	14,950
Issue expenses adjusted	(185)	(437)
Closing balance	**28,123**	**28,308**

(ii) Retained Earnings

	As at March 31 2022	As at March 31 2021
Opening balance	58,861	49,304
Profit for the year	16,271	9,719
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	4	(162)
Dividend	-	-
Closing balance	**75,136**	**58,861**

(iii) Cash Flow Hedging Reserve

	As at March 31 2022	As at March 31 2021
Opening balance	(953)	(1,661)
Changes in fair value of hedging instruments	785	1,088
Deferred Tax	(274)	(380)
Closing Balance	**(442)**	**(953)**

(iv) Equity instruments through Other Comprehensive Income

	As at March 31 2022	As at March 31 2021
Opening balance	(321)	(211)
Changes in fair value of FVOCI equity instruments	-	(110)
Closing Balance	**(321)**	**(321)**

(v) Foreign currency translation reserve

	As at March 31 2022	As at March 31 2021
Opening balance	194	145
Exchange differences in translating the financial statements of foreign operations	(9)	49
Closing Balance	**185**	**194**

(vi) Share of Networth in JV

	As at March 31 2022	As at March 31 2021
Opening balance	136	119
Share of current year profits in Joint Venture	38	17
Share of other comprehensive income in Joint Venture	1	-
Closing Balance	**175**	**136**

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.

C. Retained Earnings includes Rs 5542 lacs of revaluation reserve created due to Land revaluation on transition date to Ind AS (01.04.2015), which will not be available for distribution of profits

D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2022, the Board of Directors of the Company has proposed a final dividend of Rs.3.75 per share of face value Rs.5 each be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.792 lakhs.

NOTE No. 1.19
LONG TERM BORROWINGS

Particulars	As at March 31 2022		As at March 31 2021	
	Non-Current	Current *	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans	10,969	5,267	11,528	4,050
Foreign Currency Term Loans	17,886	7,384	24,508	6,770
	28,854	**12,652**	**36,037**	**10,821**
From NBFC				
Rupee Term Loans	8,524	2,208	7,682	0
Total	**37,378**	**14,860**	**43,719**	**10,821**

Notes:
1. The above long term borrowings are carried at amortised cost.

	31-Mar-22	31-Mar-21
Loans at amortised cost as at the end of the year	52,238	54,540
Add : Unamortised upfront fee paid as at the end of year	153	236
Gross loan outstanding as at the end of the year	**52,391**	**54,776**

2. Refer note no 3.9 for security and terms of borrowings.
* Taken to Short term borrowings(Note 1.24)

Net Debt Reconciliation:

For the year ended 31 March 2022

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 21	3,127	(732)	(15,821)	(55,152)	(10,244)	(78,822)
Acquisition of RoU asset	-	-	-	-	(2,476)	(2,476)
Pre-closure of leases	-	-	-	-	91	91
Cash Flows	(176)	-	(3,508)	3,406	4,234	3,956
Fair Value changes	-	1,049	-	-	-	1,049
Foreign exchange adjustments	(8)	-	-	(1,008)	-	(1,016)
Interest expense & other charges	-	-	(1,918)	(4,322)	(924)	(7,164)
Interest & charges paid	-	-	1,908	4,376	924	7,208
Balance as at 31 March 22	**2,943**	**317**	**(19,339)**	**(52,700)**	**(8,395)**	**(77,174)**

For the year ended 31 March 2021

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 20	5,976	(539)	(24,488)	(80,350)	(11,576)	(1,10,977)
Acquisition of RoU asset	-	-	-	-	(573)	(573)
Pre-closure of leases	-	-	-	-	901	901
Cash Flows	(2,853)	-	8,359	23,870	1,004	30,380
Fair Value changes	-	(193)	-	-	-	(193)
Foreign exchange adjustments	4	-	254	1,443	-	1,701
Interest expense & other charges	-	-	(2,117)	(7,222)	(1,077)	(10,416)
Interest & charges paid	-	-	2,171	7,107	1,077	10,355
Balance as at 31 March 21	**3,127**	**(732)**	**(15,821)**	**(55,152)**	**(10,244)**	**(78,822)**

*Includes the portion of "interest accrued but not due" pertaining to borrowings.

** does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

NOTE No. 1.20
LEASE LIABILITIES - NON-CURRENT

Particulars	As at March 31 2022	As at March 31 2021
Lease Liabilities - Non-current portion	6,685	8303
	6,685	**8,303**

Refer Note No B.7 & 3.10

NOTE No. 1.21
NON-CURRENT FINANCIAL LIABILITIES- OTHERS

Particulars	As at March 31 2022	As at March 31 2021
Currency swap & IRS Derivative	353	902
Rent Advance	2	2
Total	**355**	**904**

Notes:
1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS & IRC derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued

NOTE No. 1.22
LONG TERM PROVISIONS

Particulars	As at March 31 2022	As at March 31 2021
Other Provisions		
Provision for Warranty Cost	-	21

Note: Movement in Provision for product warranties is as follows :

	Opening	Transferred to Short Term	Warranty provided for current year	Closing
As at March 31, 2022	21	6	-	15
As at March 31, 2021	68	47	-	21

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges from 2 to 5 years

NOTE No. 1.23
DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31 2022	As at March 31 2021
Deferred Tax Liabilities	16,437	16,219
Deferred Tax Assets	(2,400)	(2,470)
Deferred Tax Liabilities (net)	14,037	13,749
MAT Credit Entitlement- Unused tax credit	(2,359)	(6,911)
Total	**11,678**	**6,838**

Note : Refer Note No 3.3 for detailed deferred tax working and effective tax rate reconciliation

NOTE No. 1.24
SHORT TERM BORROWINGS

Particulars		As at March 31 2022	As at March 31 2021
Secured			
Loans repayable on demand from banks			
Rupee Loans		4,031	1,890
Foreign Currency Loans		3,791	13,924
	Sub-total (A)	**7,822**	**15,814**
Unsecured			
Rupee Loans		11,500	-
	Sub-total (B)	**11,500**	**-**
Current maturities of long-term debt **(C)**		**14,860**	**10,821**
Total	**(A + B + C)**	**34,182**	**26,635**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the company.
b. second pari passu charge on fixed assets of the company.

NOTE No. 1.25
LEASE LIABILITIES - CURRENT

Particulars	As at March 31 2022	As at March 31 2021
Lease Liabilities - Current portion	1,710	1,941
	1,710	**1,941**

NOTE No. 1.26
TRADE PAYABLES

Particulars		As at March 31 2022	As at March 31 2021
Due to Micro and Small Enterprises-(MSE)		554	1,841
	Sub-total (A)	**554**	**1,841**
Due to Other Suppliers		43,422	31,883
Accrued Expenses and others		2,280	1,492
	Sub-total (B)	**45,702**	**33,375**
Total		**46,256**	**35,216**

Payables to related parties - refer note 3.7

Particulars	Ageing as on 31.03.22				
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	Grand Total
(i) MSME	554	-	-	-	554
(ii) Others	43,252	113	47	10	43,422
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
Gross Total					43,976
Accrued Expenses and others					2,280
Total					46,256

Particulars	Ageing as on 31.03.21				
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	Grand Total
(i) MSME	1,841	-	-	-	1,841
(ii) Others	31,774	97	7	5	31,883
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
Gross Total					33,724
Accrued Expenses and others					1,492
Total					35,216

NOTE No. 1.27
OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31 2022	As at March 31 2021
Interest accrued but not due on borrowings	441	620
Currency swap , IRS & Forward cover derivative	185	400
Creditors for capital goods and services	3,996	1,452
Employee related liabilities	1,674	1,546
Dues to directors	17	9
Liability towards selling shareholders (from IPO proceeds)	16	3,081
Others	1,045	1,495
Total	**7,374**	**8,603**

NOTE No. 1.28
CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31 2022	As at March 31 2021
Income tax provisions less advance payment	**690**	**67**

NOTE No. 1.29
OTHER CURRENT LIABILITIES

Particulars	As at March 31 2022	As at March 31 2021
Advance from customers	5,327	3,120
Deferred Revenue- EPCG benefit	-	1,148
Statutory Dues	1,798	1,379
Total	**7,125**	**5,647**

NOTE No. 1.30
SHORT TERM PROVISIONS

Particulars	As at March 31 2022	As at March 31 2021
Provision for employee benefits		
Gratuity	203	148
Other Provisions		
Provision for Warranty Cost	158	111
Provision for Rejection	110	94
Total	**471**	**353**

Note:

Movement in Provision for product warranties is as follows :

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31 2022	111	111	158	158
As at March 31 2021	123	123	111	111

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

Movement in Provision for rejection is as follows :

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31 2022	94	94	110	110
As at March 31 2021	60	60	94	94

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

NOTE No. 2.1
REVENUE FROM OPERATIONS

Particulars		March 31 2022	March 31 2021
Sale of products;			
Domestic Sales		1,34,604	90,692
Export Sales		15,513	13,201
	A.	**1,50,117**	**1,03,893**
Sale of services;			
Machining Charges		50,919	39,058
Service Charges		686	299
	B.	**51,605**	**39,357**
Other operating revenues;			
Sale of swarf & others		17,663	10,376
Duty Drawback		267	207
EPCG income on fulfilling obligation		1,891	1,938
Export Incentive under RoDTEP		159	-
Export Incentive under MEIS		-	224
	C.	**19,980**	**12,745**
Revenue from operations (A+B+C)		**2,21,702**	**1,55,995**

Refer Note no: 3.14 "Segment Reporting" for breakup of revenue from operations.

NOTE No. 2.2
OTHER INCOME

Particulars	March 31 2022	March 31 2021
Interest Income from deposits measured at amortised cost	138	118
Interest Income due to unwinding of fair valued assets		
-Rent Advance	95	92
Net gain on sale of assets	141	59
Rental income	28	28
Exchange rate Gain/(Loss) on Transaction & Translation	337	694
Unclaimed balances written back	-	17
Others	1	-
Total	**740**	**1,008**

NOTE No. 2.3
COST OF MATERIALS CONSUMED

Particulars	March 31 2022	March 31 2021
Cost of goods sold	1,03,033	66,065
Carriage inward	2,542	719
Sub Contract Charges	974	491
Total	**1,06,549**	**67,275**

NOTE No. 2.4
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	March 31 2022	March 31 2021
Inventory at the end of the year		
Work in Progress	10,758	7,614
Finished Goods	2,771	2,771
Sub total	**13,529**	**10,385**
Inventory at the beginning of the year		
Work in Progress	7,614	8,626
Finished Goods	2,771	1,137
Sub total	**10,385**	**9,763**
(Increase) / decrease in inventory	**(3,144)**	**(622)**

NOTE No. 2.5
EMPLOYEE BENEFITS EXPENSE

Particulars	March 31 2022	March 31 2021
Salaries and wages	14,523	10,990
Contributions to PF & ESI	489	376
Contribution to Gratuity fund	210	156
Managerial Remuneration	1,195	1,277
Staff welfare expenses	2,359	1,663
Total	**18,776**	**14,462**

NOTE No. 2.6
DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

Particulars	March 31 2022	March 31 2021
Depreciation on Property, Plant & Equipment	18,086	16,150
Amortization of Intangible Assets (Software & Dev.Exp.)	274	452
Amortization- Right-of-use Asset	2,145	2,176
Write off (including obsolescence)	368	193
Impairment of Capital Work in Progress	(274)	274
Total	**20,599**	**19,245**

NOTE No. 2.7
OTHER EXPENSES

Particulars	March 31 2022	March 31 2021
Manufacturing Expenses		
Stores, Spares & tool consumed	14,077	9,730
Power & Fuel	11,254	8,210
Repairs & Maintenance		
- Machinery	6,057	3,224
- Building	419	197
- Others	1,485	662
Payment to contractors	3,702	2,853
Other manufacturing expenses	335	169
A.	**37,329**	**25,045**

Administrative Expenses		
Professional and Consultancy charges	631	441
Insurance Charges	406	398
Rates & Taxes	136	196
Software Licenses	484	362
General Administrative Expenses	623	499
Printing & Stationary	177	89
Postage & Telegrams	46	26
Rent	140	124
Telephone Expenses	133	135
Travelling Expenses	617	251
Directors' Sitting Fees	21	21
Remuneration to auditors		
Statutory Audit	54	55
Taxation and Certification	10	21
CSR Expenses	225	154
Amounts written off		
Bad debts	-	199
Doubtful advances	-	(4)
Provisions for the year		
Doubtful advances	-	3
Warranty	24	(59)
Rejections	17	34
Doubtful debts	(57)	(13)
B.	**3,687**	**2,932**
Selling expenses		
Packing material consumed	1,944	1,105
Carriage Outward	2,953	1,698
Sales Promotion Expenses	192	276
C.	**5,089**	**3,079**
Total (A+B+C)	**46,105**	**31,056**

NOTE No. 2.8
FINANCE COSTS

Particulars	March 31 2022	March 31 2021
Interest expenses		
On Short Term Borrowings	1,920	2,014
On Long Term Borrowings at Amortised Cost	4,226	7,006
Others	110	103
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	96	216
Interest unwind - lease liability	924	1,077
Unwinding of Rent Advance	95	92
Bank charges	330	578
MTM (Gain) / Loss - Derivative -(Net)	(14)	13
Net (gain)/loss on foreign currency transactions and translation	735	(371)
Total	**8,422**	**10,728**

Notes annexed to and forming part of Financial Statements:

3.1 The Subsidiaries and Associates considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership March 31, 2022	% of Ownership March 31, 2021
1	Craftsman Automation Singapore Pte Ltd*	Singapore	-	100%
2	Craftsman Europe B.V	Netherlands	100%	100%

***Note:** the Company passed Board Resolution at their meeting held on 20th August 2019 to wind up the subsidiary in Singapore. The subsidiary was liquidated on 21st June 2021.

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership March 31, 2022	% of Ownership March 31, 2021
1	Carl Stahl Craftsman Enterprises Private limited	India	30%	30%

3.2 Additional Information – Subsidiaries & Joint Ventures:

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures.

Rs. Lakhs

Name of the entity	March 31, 2022 As a % of consolidated Net Assets	March 31, 2022 Amount	March 31, 2021 As a % of consolidated Net Assets	March 31, 2021 Amount
Parent Company				
Craftsman Automation Limited	100.57%	1,14,220	100.93%	97,845
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	0.00%	-	0.00%	-
Craftsman Europe B.V	1.74%	1,975	1.85%	1,790
Sub Total	**102.31%**	**1,16,195**	**102.78%**	**99,635**
Add/Less: Intragroup eliminations / adjustments	-2.31%	(2,621)	-2.78%	(2,692)
Total	**100.00%**	**1,13,574**	**100.00%**	**96,943**

Rs. Lakhs

Name of the entity	March 31, 2022 As a % of consolidated Profit or Loss	March 31, 2022 Amount	March 31, 2021 As a % of consolidated Profit or Loss	March 31, 2021 Amount
Parent Company				
Craftsman Automation Limited	98.38%	16,045	99.38%	9,676
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	-0.19%	(31)	0.00%	-
Craftsman Europe B.V	1.38%	225	0.00%	-
Sub Total	**99.57%**	**16,239**	**99.38%**	**9,676**
Add/Less: Intragroup eliminations / adjustments	0.43%	70	0.62%	60
Total	**100.00%**	**16,308**	**100.00%**	**9,736**

Rs. Lakhs

Name of the entity	March 31, 2022 As a % of consolidated OCI	March 31, 2022 Amount	March 31, 2021 As a % of consolidated OCI	March 31, 2021 Amount
Parent Company				
Craftsman Automation Limited	101.56%	515	89.98%	436
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	6.19%	31	-1.11%	(5)
Craftsman Europe B.V	-7.97%	(40)	11.37%	55
Sub Total	**99.78%**	**506**	**100.25%**	**486**
Add/Less: Intragroup eliminations / adjustments	0.22%	1	-0.25%	(1)
Total	**100.00%**	**507**	**100.00%**	**485**

Rs. Lakhs

Name of the entity	March 31, 2022 As a % of consolidated Total Comprehensive Income	March 31, 2022 Amount	March 31, 2021 As a % of consolidated Total Comprehensive Income	March 31, 2021 Amount
Parent Company				
Craftsman Automation Limited	98.48%	16,560	98.94%	10,112
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	0.00%	-	-0.05%	(5)
Craftsman Europe B.V	1.10%	185	0.53%	55
Sub Total	**99.58%**	**16,745**	**99.42%**	**10,162**
Add/Less: Intragroup eliminations / adjustments	0.42%	71	0.58%	59
Total	**100.00%**	**16,816**	**100.00%**	**10,221**

3.3 Income taxes

Income tax expense for the year reconciled to accounting profit

Rs. Lakhs

		Year Ended March 31 2022	Year Ended March 31 2021
Profit before tax	a	25,173	14,876
Income tax rate	b	34.944%	34.944%
Income tax expenses	a*b	8,796	5,198
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		(8)	(87)
ii) Effect of expenses inadmissible for tax		122	11
iii) Effect of lower tax income of overseas subsidiaries		(35)	24
iv) Effect of share of profit from JV		(12)	(7)
Income tax expense recognised in Statement of Profit & loss		8,864	5,140

Movement of deferred tax assets/ liabilities

Rs. Lakhs

Movement during the year ended March 31 2022	As at March 31 2021	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2022
Depreciation & Amortization	(15,340)	118	-	-	(15,222)
Provision for doubtful debts	274	(20)	-	-	254
Provision for Loans & Advances and Others	133	(133)	-	-	(0)
Other Temporary Differences	1,184	23	(276)	-	931
MAT Credit Entitlement- Unused tax credit	6,911	-	-	(4,552)	2,359
	(6,838)	**(12)**	**(276)**	**(4,552)**	**(11,678)**

Rs. Lakhs

Movement during the year ended March 31 2021	As at March 31 2020	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2021
Depreciation & Amortization	(15,375)	35	-	-	(15,340)
Provision for doubtful debts	278	(4)	-	-	274
Provision for Loans & Advances	133	-	-	-	133
Other Temporary Differences	1,251	226	(293)	-	1,184
MAT Credit Entitlement- Unused tax credit	9,858	-	-	(2,947)	6,911
	(3,855)	**257**	**(293)**	**(2,947)**	**(6,838)**

3.4 Employee Benefits

Defined Contribution Plan

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in statement of profit or loss of Rs. 437 lakhs (2020-21: Rs.307 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

Defined benefit plans

The group extends defined benefit plan in the form of gratuity to employees. The group makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Group's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the group there can be strain on the cash flows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at Mar 31, 2022	As at March 31, 2021
Discount rate	7.48%	7.02%
Expected rate of salary increase	5.00%	5.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase (which has been set in consultation with the group), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Rs. In Lakhs

	As at Mar 31, 2022 Rs. In Lakhs	As at Mar 31, 2021 Rs. In Lakhs
Current Service Cost	204	174
Net interest expense/ (income)	5	(18)
Component of defined benefit cost recognised in P&L	**209**	**156**
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	(69)	174
Actuarial (Gain)/ Losses due to Experience on DBO	57	81
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in DBO	0	(10)
Return on Plan Assets (Greater) / Less than Discount rate	5	4
Components of defined benefit costs recognised in other comprehensive income	**(6)**	**249**
Total Defined Benefit Cost	**203**	**405**

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows

Rs. In Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Present value of defined benefit obligation	1718	1580
Fair value of plan assets	1516	1432
Net liability arising from defined benefit obligation (funded)	-202	-148

Movements in the present value of the defined benefit obligation in the current year were as follows:

Rs. In Lakhs

	Year ended Mar 31, 2022	Year ended Mar 31, 2021
Opening defined benefit obligation	1580	1419
Current Service Cost	204	174
Interest Cost	105	88
Benefits paid	(158)	(344)
Actuarial (gain)/loss	(12)	244
Closing defined benefit obligation	**1718**	**1580**

Movements in fair value of plan assets in the current year were as follows:

Rs. In Lakhs

	Year ended Mar 31, 2022	Year ended Mar 31, 2021
Opening fair value of plan assets	1432	1675
Interest income of the assets	100	105
Employer contribution	148	0
Benefits payout	(158)	(344)
Actuarial gain/(loss)	(5)	(4)
Closing fair value of plan assets	**1516**	**1432**

The group funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs. 95 lakhs (2020-21: Rs. 102 lakhs)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

Rs. In Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• *Decrease by (Mar 22: (8.75%); Mar 21: (8.87%))*	(150)	(140)
• *Increase by (Mar 22: 10.19%; Mar 21: 10.37%)*	175	164
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• *Increase by (Mar 22: 8.75%; Mar 21: 9.13%)*	150	144
• *Decrease by (Mar 22: (7.90%); Mar 21: (8.15%))*	(136)	(129)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		

• *Increase by (Mar 22: 1.71%; Mar 21: 1.36%)*	29	21
• *Decrease by (Mar 22: (1.92%); Mar 21: (1.53%))*	(33)	(24)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

Funding arrangements

The group has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the group will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make a contribution of Rs 232 lakhs (as at March 31, 2021: Rs 260 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	31st Mar 2022	31st Mar 2021
Weighted average duration of the DBO	12.18 years	13.08 years
	Rs. Lakhs	**Rs. Lakhs**
Projected Benefit Obligation	1719	1580
Accumulated Benefits Obligation	1160	1446

Maturity Profile (Para 147 C of Ind AS 19):

Rs. Lakhs

FUTURE PAYOUTS	Present Value
Year (i)	104
Year (ii)	105
Year (iii)	109
Year (iv)	98
Year (v)	95
Next 5 year pay-outs(6-10yrs)	369
Pay-outs above ten years	840

3.5 Earnings per share

	Year Ended March 31 2022	Year Ended March 31 2021
	Rs.	**Rs.**
Earnings per share ('EPS')		
Basic earnings per share	77.19	48.32
Diluted earnings per share	77.19	48.32
Face value per share for EPS	5	5
Basic and diluted earnings per share	**Rs. Lakhs**	**Rs. Lakhs**
Profit for the year attributable to equity shareholders	16,309	9,736
	Nos.	**Nos.**
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,11,28,311
Weighted average number of equity shares		
used in the calculation of basic earnings per share	2,11,28,311	2,01,49,181
after adjustment for effect of dilution	2,11,28,311	2,01,49,181

The Company completed its Initial Public Offering (IPO) and listed its shares on BSE Limited and National Stock Exchange of India Limited on 25th March 2021. The IPO involved fresh issues of 10,06,711 equity shares face value Rs.5 each. The "weighted average number of equity shares" for computation of EPS has been calculated considering above mentioned fresh issue of shares from the date of allotment. (refer note: 1.17 for movement in equity share capital during year)

3.6 Financial Instruments:

3.6a Capital Management:

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Group finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

Rs. Lakhs

	As at March 31 2022	As at March 31 2021
Debt (long-term and short-term borrowings including current maturities)	71,560	70,354
Equity	1,14,220	96,943
Debt Equity Ratio	**0.63**	**0.73**

3.6b Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies as approved by the board of directors.

i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

- Foreign currency risk management:

  The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Assets	Currency	As at March 31 2022 Amount in Foreign currency (Lakhs)	As at March 31 2022 Amount in Rs (Lakhs)	As at March 31 2021 Amount in Foreign currency (Lakhs)	As at March 31 2021 Amount in Rs (Lakhs)
Receivables	**USD**	**49**	**3,684**	32	2,327
	EUR	**10**	**858**	8	670
	GBP	**0**	**4**	0	4
Total Receivables (A)			**4,545**		3,001
Hedged by derivative contracts (B)		**-**	**-**	-	-
Unhedged receivables (C=A-B)			**4,545**		3,001

Liabilities	Currency	As at March 31 2022 Amount in Foreign currency (Lakhs)	As at March 31 2022 Amount in Rs (Lakhs)	As at March 31 2021 Amount in Foreign currency (Lakhs)	As at March 31 2021 Amount in Rs (Lakhs)
Payable (trade & other)	**USD**	**65**	**4,928**	93	6,784
	JPY	**699**	**436**	313	207
	EUR	**11**	**949**	0	7
	GBP	**0**	**5**	0	7
	CHF	**0**	**0**	0	0
Borrowings (ECB and Others)	**USD**	**371**	**28,131**	596	43,584
	EUR	**12**	**1,026**	21	1,771
Total Payables (A)			**35,475**		52,360
Hedges by derivative contracts (B)	**USD**	**199**	**15,121**	271	19,817
Unhedged payables (C=A-B)			**20,354**		32,543

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

Rs. Lakhs

Currency	1% Strengthening of FC	
	As at March 31 2022	As at March 31 2021
USD	(143)	(282)
GBP	(0)	(0)
CHF	(0)	(0)
EUR	(11)	(11)
JPY	(4)	(2)
	(158)	**(295)**

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(in Lakhs)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31 2022	As at March 31 2021	As at March 31 2022	As at March 31 2021	As at March 31 2022	As at March 31 2021
Sell USD	-	12	-	863	-	844

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.27] as on 31-03-2021

Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table above.

Rs. In Lakhs

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31 2022	As at March 31 2021	As at March 31 2022	As at March 31 2021
USD Libor	25 bps	23	24	9,014	9,510
INR Baserate	50 bps	56	86	11,260	17,122
		79	**110**	**20,275**	**26,632**

*Interest rate on all USD loans are hedged with either IRS or IRC and hence are not exposed to risk due to interest rate fluctuations.

Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31, 2022 is is Rs.182 lakhs (March 31, 2021 loss is Rs.836 lakhs). The amount of gain recognised in OCI for the year ended 31st March 2022 is Rs.640 lakhs (31st March 2021 – gain Rs.642 lakhs) and the amount of gain recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31st March 2022 is Rs. 14 lakhs (31st March 2021: loss of Rs. 13 lakhs).

In addition to the above, the Company has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market gain as at 31st March, 2022 is Rs.37 lakhs (March 31, 2021: Loss Rs. 85 Lakhs). The amount of gain recognised in OCI for the year ended 31st March 2022 is Rs.122 lakhs (31st March 2021 – Loss Rs.26 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit and loss. Amounts recognised as OCI are transferred to profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at 31st March, 2022 is Rs. 218 lakhs (March 31, 2021: gain of Rs.174 lakhs). The amount of gain recognised in OCI for the year ended 31st March 2022 is Rs. 45 lakhs (31st March 2021: loss of Rs. 426 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31st March 2022 is Rs. 249 lakhs (31st March 2021: gain of Rs. 1273 lakhs).

Further, the Company has call options for principal payments of two of its foreign currency loan which is designated as a cash flow hedge. The marked-to-market gain as at 31st March, 2022 is Rs.243 lakhs (March 31, 2021: gain of Rs.28 lakhs). The amount of gain recognised in OCI for the period year 31st March 2022 is Rs.215 lakhs (31st March 2021 – loss of Rs.410 lakhs).

Credit Risk:

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

- Trade receivables:

The Group periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers / corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Movement in Credit loss allowance

Rs. In Lakhs

	As at March 31 2022	As at March 31 2021
Balance as at beginning of the year	791	803
Allowance for bad and doubtful debts during the year	(57)	187
Trade receivables written off during the year	-	(199)
Balance as at the end of the year	**734**	**791**

Other financial assets:

a. Bhatia Coke & Energy Limited

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has fair valued the investment to NIL as at 31-Mar-22. Fair value loss recognised in OCI for the year ended 31st March 2022 is Nil (for the year ended 31st March 2021 is loss of Rs.110 Lakhs)

None of the group's other cash equivalents, including time deposits with banks, are past due or impaired.

Movement in Provision for advances:

Rs. In Lakhs

	As at March 31 2022	As at March 31 2021
Balance as at beginning of the year	28	28
Allowance for doubtful advances made during the year	-	(4)
Advances written off during the year	-	4
Balance as at the end of the year	**28**	**28**

Refer note: 1.10 of the financial statements.

Liquidity Risk:

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

Rs. Lakhs

As at March 31 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	34,181	36,853	526	71,560
Interest payments on borrowings	3,282	4,169	8	7,459
Lease liability	1,710	3,963	2,722	8,395
Trade Payables	46,256	-	-	46,256

Rs. Lakhs

As at March 31 2021	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	26,635	40,165	3,554	70,354
Interest payments on borrowings	3,870	5,973	126	9,969
Lease liability	1,941	4,709	3,594	10,244
Trade Payables	35,216	-	-	35,216

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

Rs. Lakhs

As at March 31 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	627	(310)	-	317
Foreign exchange forwards	-	-	-	-
	627	**(310)**	**-**	**317**

Rs. Lakhs

As at March 31 2021	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	37	(757)	-	(720)
Foreign exchange forwards	(12)	-	-	(12)
	25	**(757)**	**-**	**(732)**

3.6c Categories of Financial assets and liabilities:

Rs. Lakhs

	As at March 31 2022	As at March 31 2021
Financial Assets		
a. Measured at amortized cost:		
Cash and cash equivalents	2,943	3,127
Other bank balances & Interest receivable	1,458	1,608
Trade Receivables	29,621	23,895
Security Deposit	2,849	2,402
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	30	30
Currency swaps & options and IRS & IRC	855	571

Rs. Lakhs

	As at March 31 2022	As at March 31 2021
Financial Liabilities		
a. Measured at amortized cost:		
Borrowings	71,560	70,354
Lease Liability	8,395	10,244
Trade Payables	46,256	35,216
Other Financial Liabilities	7,191	8,205
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	538	1,288
c. Mandatorily maintained at fair value through profit or loss (FVTPL)		
Others	-	14

3.6d Fair value measurements:

i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below:

As at March 31 2022 **Rs Lakhs**

	Level 1	**Level 2**	**Level 3**	**Total**
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	30	**30**
ii) fair value through P&L	-	-	-	**-**
Derivative Instruments measured at				
i) fair value through OCI	-	855	-	**855**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	538	-	**538**
ii) fair value through P&L	-	-	-	**-**

As at March 31 2021 **Rs Lakhs**

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	30	**30**
Derivative Instruments measured at				
i) fair value through OCI	-	571	-	**571**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,288	-	**1,288**
ii) fair value through P&L	-	14	-	**14**

Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- The fair values of the derivative financial instruments have been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

3.7 Related party disclosure

a) Other related parties

Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

Company with common directors

MC Machinery Systems India Private Limited (Formerly known as MC Craftsman Machinery Private Limited) till 30th November, 2021

Key Management Personnel

Mr. SRINIVASAN RAVI, Chairman and Managing Director
Mr. RAVI GAUTHAMRAM, Whole Time Director
Mr. CHANDRASHEKAR BHIDE, Director
Mr. CHANDRAMOHAN NATARAJAN, Whole Time Director (till 10th July 2020)
Mr. SUNDARARAMAN KALYANARAMAN, Director
Mr. UDAI DHAWAN, Nominee Director till 20th June 2021 Non-Executive Non-Independent Director from 21st June 2021 till 19th March 2022
Mr. KALLAKURICHI KANNIAH BALU, Independent Director (till 23rd May 2020)
Mrs. VIJAYA SAMPATH, Independent Director
Mr. TAMRAPARNI SRINIVASAN VENKATA RAJAGOPAL, Additional Director (from 19th March 2022)
Mr. C.B.CHANDRASEKAR, Chief Financial Officer
Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer
Mr. SHAINSHAD ADUVANNI, Company Secretary

b) Related Party Transactions – Summary:

Rs Lakhs

Transactions during the year ended	Joint Ventures		Common director - company		Key Management Personnel	
	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21
Purchase of Goods & Services	243	113	37	68		
Sale of Goods & Services#	3,102	1,676	0	0		
Sales Commission expenses#	3	0				
Reimbursement of Expenditure from		4	3	3		
Remuneration to key management personnel					644	584
Commission					740	844
Sitting Fee					21	21
Rental Income	2	2	17	26		

Rs Lakhs

Balances as at the end of	Joint Ventures		Common director - company		Key Management Personnel	
	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21
Trade Receivables	723	164	0	0		
Trade Payables	6	2	0	25		
Remuneration payable					17	9
Rent advance received			0	2		

c) Significant Related Party Transactions:

Rs Lakhs

	Year Ended March 31 2022	Year Ended March 31 2021
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	243	113
MC Machinery Systems India Private Limited	37	68
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	3,102	1,676
MC Machinery Systems India Private Limited#	-	0
Sales Commission Paid		
Carl Stahl Craftsman Enterprises Private Limited#	3	0
Reimbursement of Expenditure from		
Carl Stahl Craftsman Enterprises Private Limited#	-	4
MC Machinery Systems India Private Limited	3	3
Remuneration to key management personnel		
Executive Directors	457	435
Chief Financial Officer	91	72
Chief Operating Officer	71	61
Company Secretary	25	17
Commission		
Executive Directors	715	814
Non-Executive Directors	25	30
Sitting Fee		
Non-Executive Directors	21	21
Rent Income		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Machinery Systems India Private Limited	17	26

d) Balances of Related Parties as on 31st March 2022

Rs Lakhs

	As at March 31 2022	As at March 31 2021
Trade Receivable		
Carl Stahl Craftsman Enterprises Private Limited	723	164
MC Machinery Systems India Private Limited	0	0
Trade Payable		
Carl Stahl Craftsman Enterprises Private Limited	6	2
MC Machinery Systems India Private Limited	0	25
Rent advance received		
MC Machinery Systems India Private Limited	0	2
Remuneration payable		
Mr. S Ravi	17	9

3.8 Contingent Liabilities and Contingent assets

a) Contingent Liabilities

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.

Rs. Lakhs

Contingent Liabilities	As at March 31 2022	As at March 31 2021
a. Claims against the company not acknowledged as debt		
Excise	7	7
VAT	50	62
Service tax	67	67
GST	16	43
Income tax	1,821	1,821
Stamp duty	56	56
b. Sales Bills discounted	**2,217**	**-**

Commitments

Commitment on Capital Account not provided as on 31.03.2022: Rs. 20570 lakhs; 31.03.2021: Rs.10260 lakhs.

3.9 Non-Current Borrowings:

Rs. In lakhs

	As at March 31 2022			Particulars of Repayment		As at March 31 2021		
	Non-Current	Current Maturity	Total	Instalments	Amount/Inst nos.	Non-Current	Current Maturity	Total
ECB-4	237	237	474	Quarterly	USD 0.63/8 ,	534	304	838
ECB-11	909	1,212	2,121	Quarterly	USD 4.00/ 20	2,046	1,168	3,214
ECB-12	-	1,030	1,030	Quarterly	INR 0.5/ 2, 1.0/ 4. 2.18/ 15, 2.3/ 1	994	978	1,972
ECB-13	13,940	3,464	17,404	Half-yearly	USD 11.54 / 13	16,789	2,494	19,283
ECB-14	2,458	754	3,212	Quarterly	USD 2.50/ 20	3,098	543	3,641
FCTL-1	128	255	383	Quarterly	EUR 0.76 / 16	392	260	652
FCTL-2	214	428	642	Quarterly	EUR 1.28 / 15	657	-	657
FCNRB-2	-	-	-	Quarterly	USD 3.33/ 15	-	1,022	1,022
TL-1	2,207	1,289	3,496	Quarterly	INR 208.33/ 24	3,701	-	3,701
TL-4	-	-	-	Quarterly	INR 41.87/ 24	375	249	624
TL-8	-	298	298	Quarterly	INR 160.00/ 20	297	-	297
TL-13	990	703	1,693	Quarterly	INR 66.87 / 20	1,862	938	2,800
TL-14	1,497	995	2,492	Quarterly	INR 250.00/ 20	2,493	992	3,485
TL-15	299	-	299	Quarterly	INR 250.00/ 16	892	-	892
TL-18	3,275	1,874	5,149	Quarterly	INR 156.25 / 48	5,611	1,871	7,482
TL-19	2,993	745	3,738	Quarterly	INR 250.00/ 16	3,982	-	3,982
TL-20	3,324	174	3,498	Quarterly	INR 175.00 / 20	-	-	-
TL-21	4,907	1,400	6,308	Quarterly	INR 350.88 / 20	-	-	-
Total	**37,379**	**14,859**	**52,238**			**43,719**	**10,821**	**54,540**

The balances mentioned above are at amortised cost: Refer note 1.20

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Also, a second pari passu charge on current assets of the company are created for all term loans except for loan from Kotak Mahindra Bank.

3.10 Leases:

<u>3.10a Group as lessee</u>

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

Note: The Group has elected not to assess any reduction in lease payments during the nine months period ended 31st December 2020 as lease modification in accordance with MCA notification G.S.R. 463E dated 24th July 2020 on Ind AS 116 'Leases'.

(Rs. In Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2021	811	7,532	8,343
Additions	-	2,476	2,476
Amortization/ expense	(496)	(1,649)	(2,145)
Deletion	-	(91)	(91)
Balance as of 31 March 2022	**315**	**8,268**	**8,582**

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2020	1,307	9,540	10,847
Additions	-	573	573
Amortization/ expense	(496)	(1,680)	(2,176)
Deletion	-	(901)	(901)
Balance as of 31 March 2021	**811**	**7,532**	**8,343**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities:

Particulars	March 31, 2022	March 31, 2021
Current lease liabilities	1,710	1,941
Non-current lease liabilities	6,685	8,303
Total	**8,394**	**10,244**

The following is the movement in lease liabilities during the year:

Particulars	Amount in ₹ lakhs
Balance as at 1 April 2021	10,244
Additions	2476
Finance cost accrued during the year	924
Deletion	(91)
Payment of lease liabilities	(5,158)
Balance as of 31 March 2022	**8,395**

Particulars	Amount in ₹ lakhs
Balance as at 1 April 2020	11,576
Additions	573
Finance cost accrued during the year	1,077
Deletion	(901)
Payment of lease liabilities	(2,081)
Balance as of 31 March 2021	**10,244**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	2,460	2,887
One to five years	5,839	7,010
More than five years	3,154	4,347
Total	**11,453**	**14,244**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 140 lakhs for the year ended March 31, 2022. (March 31, 2020: ₹ 124 lakhs)

Total cash outflow for leases including short-term was ₹ 5,298 lakhs for the year ended March 31, 2022. (March 31, 2021: ₹2205 lakhs).

Note: The Company has elected not to assess any reduction in lease payments during the year ended 31st March 2021 as lease modification in accordance with MCA notification G.S.R. 463E dated 24th July 2020 on Ind AS 116 'Leases'.

3.10b Group as lessor

Group has provided a portion of its building on operating lease to MC Machinery Systems India Private Limited (formerly known as MC Craftsman Machinery Private Ltd) & Carlstahl Craftsman Enterprises Private Limited for a period of 3 years.

Non-Cancellable Operating lease commitment	As at March 31, 2022	As at March 31, 2021
Not later than 1 year	28	19
Later than 1 year but not later than 5 years	15	2
Later than 5 years	-	-

3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

Rs. Lakhs

	As at March 31 2022	As at March 31 2021
The principal amount due to Micro and Small Suppliers under this Act	554	1,841
Interest accrued and due to suppliers on the above amount	5	8
Interest paid to suppliers under this Act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	5	8
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Group.

3.12 Offer Expenses for the IPO:

The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on 25 March 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). Owing to pandemic situation, there have been delays in receipt of invoices in relation to services availed for IPO. These expenses are allocated between the selling shareholders and the Company wherein the Company's portion is adjusted against the securities premium reserve. Based on the invoices received and estimates by the management, the total issue expenses for IPO has been crystallised at ₹ 3838 Lakhs (including GST). Out of the total expenses, share of Selling shareholders of ₹ 3104 Lakhs (including GST) has been adjusted against their proceeds and the Company has adjusted ₹ 622 Lakhs (excluding GST) against securities premium (₹ 185 Lakhs during the year ended 31-Mar-22 and ₹ 437 Lakhs during the year ended 31-Mar-21).

3.13 CSR Expenditure:

Rs. Lakhs

	Year Ended March 31 2022	Year Ended March 31 2021
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	224	154
(b) Amount spent during the year	225	52
(c) Amount transferred to CSR on-going projects subsequently	NA	102

Rs. Lakhs

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	111	-	**111**
(ii) On purposes other than (i) above	114	-	**114**

Particulars	Year Ended March 31 2022	Year Ended March 31 2021
(i) amount required to be spent by the company during the year	224	154
(ii) amount of expenditure incurred	225	52
(iii) shortfall at the end of the year	Nil	102
(iv) total of previous years shortfall	Nil	Nil
(v) reason for shortfall	Not Applicable	Delay in project due to lockdowns induced by COVID-19 pandemic. The unspent amount has been transferred to separate bank account.
(vi) nature of CSR activities	1. Promotion of Health care/ Eradicating hunger 2. Promotion of education 3. Environment sustainability 4. Safety & Welfare	1. Promotion of Health care/ Eradicating hunger 2. Promotion of education 3. Environment sustainability 4. Safety & Welfare
(vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	Nil	Nil
viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Nil	Nil

3.14 Segment Reporting:

Rs. Lakhs

Segment Revenue	Year Ended March 31 2022	Year Ended March 31 2021
Automotive - Powertrain & Others	1,15,435	81,127
Automotive - Aluminium Products	44,049	32,975
Industrial & Engineering	62,218	41,893
Total revenue as per Statement of Profit and Loss	**2,21,702**	**1,55,995**

Rs. Lakhs

Segment Profit or Loss	Year Ended March 31 2022	Year Ended March 31 2021
Automotive - Powertrain & Others	30,374	22,064
Automotive - Aluminium Products	954	253
Industrial & Engineering	6,923	7,952
Total Segments	**38,251**	**30,269**
Less: Unallocable Expenditure	(5,434)	(5,690)
Add: Other Income	778	1,025
Earnings Before Interest, Exceptional Item & Tax	**33,595**	**25,604**
Less: Finance Costs	(8,422)	(10,728)
Profit Before Exceptional Item & Tax	**25,173**	**14,876**
Less: Exceptional Item	-	-
Profit before Tax	**25,173**	**14,876**

Rs. Lakhs

Segment Assets	As at March 31 2022	As at March 31 2021
Automotive - Powertrain & Others	1,12,333	98,036
Automotive - Aluminium Products	68,966	55,765
Industrial & Engineering	68,692	59,261
Total Segments	**2,49,991**	**2,13,062**
Unallocable Assets	17,487	22,128
Total Assets as per Balance Sheet	**2,67,478**	**2,35,190**

Rs. Lakhs

Segment Liabilities	As at March 31 2022	As at March 31 2021
Automotive - Powertrain & Others	60,938	52,017
Automotive - Aluminium Products	34,220	29,689
Industrial & Engineering	31,028	27,695
Total Segments	**1,26,186**	**1,09,401**
Unallocable Liabilities	27,718	28,846
Total Liabilities as per Balance Sheet	**1,53,904**	**1,38,247**

Disclosure about major customers

Revenue from customers individually contributing more than 10% of total revenue of the Company across all the segments, amounts to Rs.68,098 lakhs (Rs. 48,505 lakhs for the year ended 31-Mar-21) of the total revenue of the Company across all the segments.

3.15 Ratio Analysis

Ratios	FY 21-22	FY 20-21	% Variance
(a)Current Ratio	1.03	0.99	5%
(b) Debt-Equity Ratio	0.63	0.73	-14%
(c) Debt Service Coverage Ratio*	1.70	1.32	28%
(d) Return on Equity Ratio	15%	11%	33%
(e) Inventory turnover ratio	4.30	4.33	-1%
(f) Trade Receivables turnover ratio	8.28	7.21	15%
(g) Trade payables turnover ratio	3.53	2.72	30%
(h) Net capital turnover ratio **	6	6	-1%
(i) Net profit ratio	7.3%	6.2%	17%
(j) Return on Capital employed	20%	16%	20%
(k) Return on investment #	NA	NA	NA

* Excluding repayment made out of IPO funds

** Net working capital does not include short term borrowings

Investments are made only for production and product related. Hence ROI is not applicable

Ratios	Formula (Numerator/Denominator)	Remarks for 25% change
(a)Current Ratio	Current Assets / Current Liabilities	NA
(b) Debt-Equity Ratio	Total Debt/Shareholder's Equity	NA
(c) Debt Service Coverage Ratio*	Earnings available for debt service /Debt Service Debt service = Interest & Lease Payments + Principal Repayments	Higher profits
(d) Return on Equity Ratio	Net Profits after taxes/Average Shareholder's Equity	Higher profits
(e) Inventory turnover ratio	Sales/ Average Inventory	NA
(f) Trade Receivables turnover ratio	Sales / Average Accounts Receivable	NA
(g) Trade payables turnover ratio	Purchases / Trade Payables	Improved sales volumes & realisation
(h) Net capital turnover ratio **	Net Sales/Working Capital	NA
(i) Net profit ratio	Net Profit/ Net Sales	NA
(j) Return on Capital employed	Earning before interest and taxes/Capital Employed Capital employed = Total Assets-Current Liabilites	NA
(k) Return on investment #		

3.16.a) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder

3.16.b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority

3.16.c) As per the information available with the Company, the Company has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

3.16.d) There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period

3.16.e) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

1) 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)
2) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Company 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 company 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) provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3.16.f) Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2022

3.17 Certain comparative figures have been reclassified to conform to the current period presentation.

For SHARP & TANNAN Chartered Accountants Firm Registration No. 003792S		For and on behalf of the Board
V. Viswanathan Partner Membership No. 215565	R.Gauthamram Whole Time Director DIN : 06789004	S.Ravi Chairman and Managing Director DIN : 01257716
Place : Coimbatore Date : 09-May-2022	Shainshad Aduvanni Company Secretary M.No.A27895	C.B. Chandrasekar Chief Financial Officer
	Place : Coimbatore Date : 09-May-2022	

INDEPENDENT AUDITORS' REPORT
To the members of Craftsman Automation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Craftsman Automation Limited** (hereinafter referred to as the "Company" / "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income and Group's share of profit in joint venture), 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 significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us 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 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 and its joint venture as at 31 March 2023, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and 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 ("Standards" or "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence 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 we have obtained 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. 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 matters described below to be the key audit matters to be communicated in our report.

S. No	Key audit matter description and principal audit procedures
1	**Accounting for derivative contracts** Refer Notes B.8, 1.9, 1.17, 1.24, 1.29, 2.8 and 3.6 in consolidated financial statements A significant source of Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates. The Company's cost of borrowing will be impacted by fluctuations in foreign exchange rates and movements in interest rates. The Company's mitigation plan for the risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy. These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the management (using expert) . As at 31 March 2023, the carrying value of the Company's derivatives included derivative assets amounting to Rs. 935 Lakhs and derivative liabilities of Rs. 375 Lakhs. Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting & disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These class of transactions are material with respect to the financial statements.
	Our procedures related to audit of accounting for derivative contracts include the following • understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions; • examining the derivative contracts; • testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including: – understanding the risk management objectives and strategies for different types of hedge instruments;

S. No	Key audit matter description and principal audit procedures
	– evaluating that the relationship between the underlying liability and the hedge instrument; – using an expert for auditing the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument; • evaluating competence and capabilities of the auditor's experts and ensuring independence; • involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges; • testing on sample basis the valuation of derivative instruments by management expert; • for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end; • checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.
2	**Accounting for Property, Plant and Equipment** Refer Notes B.4, B.6, 1.1, 1.2 and 2.6 in consolidated financial statements Property, plant and equipment including capital work in progress ('PPE') represents 51% of the Group's total assets. The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties). Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management. The Company carries out physical verification of PPE on an annual basis. The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit ('CGU') and estimating future cash flows arising of out of such CGUs. Due to the material value of PPE to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of these financial statements

S. No	Key audit matter description and principal audit procedures
	Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following: • evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over: – measurement of initial recognition costs including costs of self-constructed PPE; – valuation of PPE and review of useful lives including depreciation rates applied; – periodic physical verification of property, plant and equipment by the management; • testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards; • wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same; • reviewing the residual value of PPE considered by the management for consistency and appropriateness; • understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same; • checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any; • checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss; • physically inspecting a sample of assets at one of the main units of the Company during the year to ensure existence of PPE; • reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Board of Directors of the Holding Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report and Annexures to Board's Report including the report on Corporate Governance, but does not include the consolidated financial statements and our report 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 and, in doing so, 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. If, based on the work we have performed, 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 Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and the joint venture 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 and its joint venture 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 joint venture and for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 its joint venture is responsible for overseeing the financial reporting process of the Group and its joint venture.

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 over financial reporting 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 Holding Company have adequate internal financial controls over financial reporting system in place with reference to the financial statements 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 of the Holding Company;

- 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 joint venture 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 joint venture 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 joint venture 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 the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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 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

The consolidated financial statements include the financial statements of two subsidiaries whose financial information reflect total assets of Rs. 69,319 lakhs and net assets of Rs. 27,657 lakhs as at 31 March 2023, total revenues of Rs. 21,713 lakhs, net profit after tax of Rs. 1,309 lakhs, total comprehensive income of Rs. 1,445 lakhs for the year ended 31 March 2023 and net cash outflows amounting to Rs. 1,943 lakhs for the year ended on that date and the Group's share of profit after tax of Rs. 48 lakhs and total comprehensive income of Rs. 47 lakhs for the year ended 31 March 2023 in respect of a joint venture. The financial statements of the two subsidiaries and a joint venture have not been audited by us. The financial statements of these subsidiaries and joint venture have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company 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 joint venture, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information, in so far as it relates to the aforesaid subsidiaries and joint venture entity, is based solely on the reports of such other auditors

Our opinion above on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

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 and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and 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 and read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditors of subsidiaries and joint venture companies incorporated in India, none of the directors of the Holding Company and the subsidiaries and joint venture companies incorporated in India is disqualified as on 31 March 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on our report of the Holding Company and subsidiaries and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for those Companies;

(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 Holding Company 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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. the Group, as detailed in Note 3.8 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;

ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or subsidiaries and joint venture companies incorporated in India;

iv. (a) the respective managements of the Holding Company and subsidiaries and joint venture companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or subsidiaries and joint venture companies incorporated in India to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) the respective managements of the Holding Company and subsidiaries and joint venture companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or subsidiaries and joint venture companies incorporated in India from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, 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 performed by us on the Holding Company and subsidiaries and joint venture companies 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. as stated in Note 1.20 to the consolidated financial statements, the Board of Directors of the Holding Company 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 dividend proposed is in accordance with section 123 of the Act, as applicable;

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 to the Company, its subsidiaries and joint venture which are incorporated in India with effect from 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023;

(i) As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we report that there are no disqualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the subsidiaries and joint venture companies incorporated in India which are included in these Consolidated Financial Statements.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 23215565BGYMBJ7891

Place: Coimbatore
Date: 08 May 2023

Annexure A to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Craftsman Automation Limited of even date)

Independent Auditors' 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')

We have audited the internal financial controls over financial reporting of Craftsman Automation Limited ("the Holding Company") and its subsidiaries and joint venture companies, which are incorporated in India, as of 31 March 2023 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and subsidiaries and joint venture companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 Holding 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and subsidiaries and joint venture companies, which are incorporated in India, based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 consolidated 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 system over financial reporting of the Company and subsidiaries and joint venture companies, which are incorporated in India.

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 the consolidated 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 consolidated 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 consolidated 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 and to the best of our information and according to the explanations given to us, the Company and subsidiaries and joint venture companies, which are 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 of 31 March 2023, based on the internal control over financial reporting criteria established by the Holding Company 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to a subsidiary company and a joint venture, which are companies incorporated in India, is based solely on the corresponding reports furnished to us by the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of such other auditors.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 23215565BGYMBJ7891

Place: Coimbatore
Date: 08 May 2023

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Balance Sheet as at March 31 2023

(Rupees in Lakhs)

ASSETS	**Note No.**	**As at March 31 2023**	**As at March 31 2022**
Non-current assets			
Property, Plant and Equipment	1.1	1,83,878	1,45,372
Capital Work in progress	1.2	9,663	4,198
Intangible assets	1.3	315	424
Right-of-use Asset	1.4	9,196	8,582
Goodwill on Consolidation	1.5	18,999	-
Investments accounted for using equity method	1.6	282	235
Financial assets			
Investments	1.7	61	30
Security Deposits	1.8	3,338	2,514
Other Financial assets	1.9	138	43
Current tax assets (Net)	1.10	21	-
Other non-current assets	1.11	5,991	3,141
		2,31,882	1,64,539
Current assets			
Inventories	1.12	83,601	62,641
Financial assets			
Trade receivables	1.13	53,529	29,621
Cash and cash equivalents	1.14	2,732	2,943
Other bank balances	1.15	2,002	1,405
Security Deposits	1.16	30	335
Other Financial assets	1.17	856	865
Other Current assets	1.18	6,040	5,129
		1,48,790	1,02,939
Total Assets		**3,80,672**	**2,67,478**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	1.19	1,056	1,056
Other Equity	1.20	1,36,634	1,12,518
Equity attributable to owners		1,37,690	1,13,574
Non-controlling interest	1.21	6,100	
		1,43,790	1,13,574
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	1.22	90,617	37,378
Lease Liabilities	1.23	7,539	6,685
Other Non-Current Financial Liabilities	1.24	377	355
Deferred tax liabilities (Net)	1.25	14,112	11,678
		1,12,645	56,096
Current liabilities			
Financial Liabilities			
Borrowings	1.26	24,655	34,182
Lease Liabilities	1.27	1,212	1,710
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	1.28	1,167	554
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		69,995	45,702
Other current Financial Liabilities	1.29	12,264	7,374
Current tax liabilities (Net)	1.30	3,156	690
Other current liabilities	1.31	11,111	7,125
Provisions	1.32	677	471
		1,24,237	97,808
Total Equity and Liabilities		**3,80,672**	**2,67,478**

The accompanying notes form an integral part of the consolidated financial statements

This is the Balance Sheet referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 08-May-2023

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 08-May-2023

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Statement of Profit and loss for the year ended March 31 2023

(Rupees in Lakhs)

Particulars	Note No.	Year ended March 31 2023	Year ended March 31 2022
INCOME			
Revenue From Operations	2.1	3,18,260	2,21,702
Other Income	2.2	1,254	740
Total Income (A)		**3,19,514**	**2,22,442**
EXPENSES			
Cost of materials consumed	2.3	1,69,964	1,06,549
Changes in inventories of finished goods and work-in-progress	2.4	(7,021)	(3,144)
Employee benefits expense	2.5	23,350	18,776
Depreciation, amortization and impairment expense	2.6	22,161	20,599
Other expenses	2.7	63,606	46,105
Finance costs	2.8	12,023	8,422
Total expenses (B)		**2,84,083**	**1,97,307**
Profit before share of profit from JV (C = A - B)		**35,431**	**25,135**
Share of profit from JV (D)		**48**	**38**
Profit before tax (E = C + D)		**35,479**	**25,173**
Tax expense:			
(1) Current tax for the year		12,247	8,849
Current tax pertaining to earlier years	3.1	12	6
Net Current Tax		12,259	8,855
(2) Deferred tax		(1,876)	9
Profit for the year (F)		**25,096**	**16,309**
attributable to owners		*24,839*	*16,309*
attributable to non-controlling Interest		*257*	-
Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(13)	6
- Equity Instruments through OCI		-	-
- Share of OCI of Joint Venture accounted for using equity method		(1)	1
(ii) Income tax relating to items that will not be reclassified to profit or loss		3	(2)
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		132	(9)
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		2	785
(ii) Income tax relating to items that will be reclassified to profit or loss		(53)	(274)
Other Comprehensive Income for the year, net of tax (G)		**70**	**507**
attributable to owners		*69*	*507*
attributable to non-controlling Interest		*1*	-
Total Comprehensive Income for the year (Comprising Profit for the year and Other Comprehensive Income for the year) (H = F + G)		**25,166**	**16,816**
attributable to owners		*24,908*	*16,816*
attributable to non-controlling Interest		*258*	-
Earnings per equity share Basic & Diluted (Face value of ₹. 5/-)	3.3	117.56	77.19

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Profit & Loss referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 08-May-2023

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 08-May-2023

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Cashflow Statement for the year ended March 31 2023

(Rupees in Lakhs)

Particulars	**Yeriod ended March 31 2023**	**Year ended March 31 2022**
Cash flows from operating activities		
Profit before taxation ('PBT')	**35,479**	**25,173**
Adjustments to reconcile PBT to net cash flows:		
Depreciation, amortization and impairment expense	22,161	20,598
Gain on sale of assets	(41)	(141)
Exchange difference on transaction/translation (loss/(gain))	981	367
Share of Profit of Joint Venture	(48)	(38)
Mark-to-Market (Gain) / Loss - Derivative -(Net)	-	(14)
Provision for :		
Doubtful debts	5	(57)
Warranty & Rejection	71	40
Slow moving inventory	188	485
Interest income (including fair value changes in financial instruments)	(733)	(233)
Government grant income	(1,784)	(2,317)
Assets no longer receivable written off	73	-
Interest expense (including fair value changes in financial instruments)	10,623	7,699
Operating cash flow before changes in working capital	**66,975**	**51,562**
Adjustments for:		
Increase/ (Decrease) in provisions	33	62
Increase/ (Decrease) in other financial liabilities	889	(3,111)
Increase/ (Decrease) in other current liabilities	259	2,641
Increase/ (Decrease) in Trade Payables and other Payables	14,042	11,048
(Increase)/ Decrease in other financial assets	2,181	(586)
(Increase)/ Decrease in other current assets	195	2,646
(Increase)/ Decrease in trade and other receivables	(8,304)	(5,303)
(Increase)/ Decrease in inventories	(8,242)	(22,562)
Cash generated from operations	**68,028**	**36,397**
Income taxes paid	(7,262)	(3,676)
Net cash from operating activities - A	**60,766**	**32,721**
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,467)	(21,267)
Purchase of Intangible Assets	(58)	(22)
Proceeds from sale of equipment	565	258
Consideration paid towards business combination	(37,500)	
Purchase / Sale of shares	16	-
Interest received	653	138
Net cash used in investing activities - B	**(70,791)**	**(20,893)**
Cash flows from financing activities		
Proceeds from issue of shares	-	(185)
Proceeds from long-term borrowings	57,631	10,505
Repayment of long term borrowings	(25,654)	(13,911)
Net proceeds from / (repayment of) short-term borrowings	(11,560)	3,508
Principal payments towards lease liability	(2,053)	(4,234)
Interest paid (incl. interest on lease liability)	(10,267)	(7,687)
Dividend Paid	(793)	-
Net cash from / (used in) financing activities- C	**7,304**	**(12,004)**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	(2,721)	(176)
Cash and cash equivalents at beginning of year	2,943	3,127
Cash and cash equivalents acquired through business combination	2,470	-
Effect of exchange rate changes on cash and cash equivalents	40	(8)
Cash and cash equivalents at end of year	**2,732**	**2,943**

Notes:
1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement

Cash & cash equivalents consists of:	**As at March 31 2023**	**As at March 31 2022**
Cash and cash equivalents (note : 1.14)	**2,732**	**2,943**
Total	**2,732**	**2,943**

2. Refer to note: 1.22 for Net Debt Reconciliation

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Cash Flows referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 08-May-2023

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 08-May-2023

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Statement of Changes in Equity

(Rupees in Lakhs)

a. Equity Share Capital	Balance as at April 1,2022	Changes in equity share capital during the year	Balance as at March 31, 2023
	1,056	-	1,056

b. Other Equity	Reserves and Surplus			Other Reserves				Non-controlling Interest	Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Share in Networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve		
Balance as at April 1,2021	**28,308**	**9,662**	**58,861**	**136**	**(321)**	**(953)**	**194**	**-**	**95,887**
Profit for the year	-	-	16,271	38	-	-	-	-	16,309
Other Comprehensive Income	-	-	-	1	-	511	(9)	-	503
- Defined Benefit Plan	-	-	4	-	-	-	-	-	4
Total Comprehensive Income for the year	**-**	**-**	**16,275**	**39**	**-**	**511**	**(9)**	**-**	**16,816**
Issues of shares	(185)	-	-	-	-	-	-	-	(185)
Balance as at March 31,2022	**28,123**	**9,662**	**75,136**	**175**	**(321)**	**(442)**	**185**	**-**	**1,12,518**
Profit for the year	-	-	24,791	48	-	-	-	257	25,096
Other Comprehensive Income	-	-	-	(1)	-	(51)	132	1	81
- Defined Benefit Plan	-	-	(10)	-	-	-	-	-	(10)
Total Comprehensive Income for the year	**-**	**-**	**24,781**	**47**	**-**	**(51)**	**132**	**258**	**25,167**
On Business Combination	-	-	-	-	-	-	-	5,842	5,842
Dividends	-	-	(793)	-	-	-	-	-	(793)
Balance as at March 31,2023	**28,123**	**9,662**	**99,124**	**222**	**(321)**	**(493)**	**317**	**6,100**	**1,42,734**

The accompanying notes form an integral part of the consolidated financial statements

1,38,476
4,258
2,129

This is the Statement of Changes in Equity referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 08-May-2023

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 08-May-2023

Notes annexed to and forming part of Consolidated Financial Statements:

A. CORPORATE INFORMATION

The Consolidated Financial Statements comprise of financial statements of Craftsman Automation Limited ('the Company or 'the holding Company') and its subsidiaries (collectively "the Group") and its joint venture for the year ended 31st March 2023. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The shareholders of the Company approved the conversion into a public limited Company at the meeting held on 30th April 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated 4th May 2018. The Company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified under the Section 133 of the Companies Act, 2013 (the Act) read with the Companies(Indian Accounting Standards) Rules, 2015. The presentation of the financial statements is based on the requirement of the Companies Act,2013.

B1. BASIS OF PREPARATION

The items included in Consolidated Financial Statements of each of the entities consolidated are measured using the currency of the primary economic environment ('functional currency') in which each of the entities operates. The consolidated financial statements are presented in Indian Rupees ('INR') which is the functional and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated. In the Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Derivative financial instruments
ii) Certain financial assets and liability measured at fair value (refer note. 3.6)
iii) Defined Benefit Obligation.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Group's normal operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Group has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

B.2 Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i. **Useful life of Property, Plant and Equipment and Intangible assets**
The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangible assets the useful life is determined based on the period over which future economic benefit will flow to the Group.

ii. **Tools in use**
The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii. **Income Tax & Deferred Tax**
The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

The Group estimates the possible utilisation of unabsorbed losses while recognising deferred tax asset considering the future business plans and economic environment.

iv. **Fair Value**
Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statements of Profit & Loss. Fair values are estimated by reference to published

price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

v. **Measurement of defined benefit obligations**
Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

vi. **Measurement and likelihood of occurrence of provisions and contingencies**
The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

B.3 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries and joint venture. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-Group balances and intra-Group transactions and resulting unrealised profits, unrealised losses from intra-Group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's Standalone Financial Statements.

B.4 PROPERTY PLANT AND EQUIPMENT

Recognition and Measurement

All Property Plant & Equipment (PPE) are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs are recognized as a component of the carrying amount of a self-constructed item of PPE if its meets the recognition criteria under Ind AS.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

Depreciation on Plant Property and Equipment
The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	8 to 20 Years
Used Plant and Machinery	8 to 10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of Profit or Loss

B.5 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit or Loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Development Expenditure recognized as intangible assets are amortized over a period of 3 years.

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

B.6 IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group determines whether there is any indication that its assets (PPE, intangible assets and investments in equity instruments subsidiaries and joint ventures carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

B.7 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.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a Lessor:
Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

B.8 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

<u>Classification of financial assets</u>

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of Subsidiaries and joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through Other Comprehensive Income. Fair value of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of Group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and net off bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are initially recognised at transaction value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

GroupDerivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit or Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6b sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss, and is included in the "Other Income".

Amounts previously recognised in Other Comprehensive Income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of Profit or Loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit or Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit or Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

B.9 INVENTORIES

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at-cost or Net Realizable Value whichever is lower. Cost includes direct materials, labour and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realizable value in the last two months.

ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the Group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbishable are charged off to Statement of Profit and Loss upon issue for usage. The "tools in use" are carried at Cost less accumulated amortization.

B.10 PROVISIONS

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is
(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
(b) a present obligation that arises from past events but is not recognised because:
(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.
Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on management’s best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions as at the reporting date represent the value of management's best estimate of possible rejections within the next one quarter.

B.11 REVENUE RECOGNITION

Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company’s performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed as at the reporting date.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognised when the Group’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

B.12 GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

B.13 EMPLOYEE BENEFITS

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

Employee State Insurance (ESI)

Payments to defined contribution plans i.e., Group's contribution to employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

Defined benefit plans

Gratuity

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)

- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

B.14 FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and Loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.8 for hedging accounting policies).

B.15 FOREIGN OPERATIONS

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of Craftsman Europe BV is EURO and the functional currency of Craftsman Automation Singapore Pte Limited is Singapore Dollar (S$).

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

B.16 INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

B.17 SEGMENT REPORTING

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- Automotive- Powertrain & Others : This segment develops, manufactures, sells its goods and services of powertrain & other products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining equipment.
- Aluminium Products : This segment develops, manufactures, sells its and goods and services consisting of aluminium products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles and products for power transmission and other industrial usage.
- Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

Craftsman Automation Limited
Notes to Consolidated Financial Statements for the year ended March 31 2023
1.1 PROPERTY, PLANT & EQUIPMENT **(Rupees in Lakhs)**

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 1, 2021	**7,664**	**19,338**	**1,92,695**	**1,788**	**534**	**109**	**2,22,128**
Additions	787	3,057	17,319	284	13	86	21,546
Disposals	-	-	681	7	29	41	758
Translation reserve	-	-	-	-	-	-	-
At March 31, 2022	**8,451**	**22,395**	**2,09,333**	**2,065**	**518**	**154**	**2,42,916**
Acquired in business combi	615	7,018	21,266	108	32	21	29,060
Additions	407	2,043	27,002	505	25	57	30,039
Disposals	-	-	1,398	463	-	45	1,906
Translation reserve	-	-	1	(1)	-	-	-
At March 31, 2023	**9,473**	**31,456**	**2,56,204**	**2,214**	**575**	**187**	**3,00,109**
Depreciation							
At April 1, 2021	**-**	**4,501**	**73,836**	**1,424**	**242**	**97**	**80,100**
Additions	-	829	17,042	154	54	7	18,086
Disposals	-	-	565	7	29	41	642
Translation reserve	-	-	-	-	-	-	-
At March 31, 2022	**-**	**5,330**	**90,313**	**1,571**	**267**	**63**	**97,544**
Additions	-	859	18,935	216	45	13	20,068
Disposals	-	-	875	463	-	43	1,381
Translation reserve	-	-	1	(1)	-	-	-
At March 31, 2023	**-**	**6,189**	**1,08,374**	**1,323**	**312**	**33**	**1,16,231**
At April 1, 2021	7,664	14,837	1,18,859	364	292	12	1,42,028
At March 31, 2022	8,451	17,065	1,19,020	494	251	91	1,45,372
At March 31, 2023	**9,473**	**25,267**	**1,47,830**	**891**	**263**	**154**	**1,83,878**

* Includes WDV of improvements on leasehold buildings worth Rs. 499 lakhs as on 31.03.2023 (WDV of Rs. 438 lakhs as on 31.03.2022)

1.3 OTHER INTANGIBLE ASSETS **(Rupees in Lakhs)**

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 1, 2021	**2,107**	**636**	**430**	**3,173**
Additions	22	-	-	22
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2022	**2,129**	**636**	**430**	**3,195**
Acquired in business combi	2	-	-	2
Additions	58	-	-	58
Disposals	5	-	-	5
Translation reserve	-	-	-	-
At March 31, 2023	**2,184**	**636**	**430**	**3,250**
Depreciation				
At April 1, 2021	**1,460**	**636**	**401**	**2,497**
Additions	245	-	29	274
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2022	**1,705**	**636**	**430**	**2,771**
Additions	169	-	-	169
Disposals	5	-	-	5
Translation reserve	-	-	-	-
At March 31, 2023	**1,869**	**636**	**430**	**2,935**
At April 1, 2021	647	-	29	676
At March 31, 2022	424	-	-	424
At March 31, 2023	**315**	**-**	**-**	**315**

1.2 CAPITAL WORK IN PROGRESS **(Rupees in Lakhs)**

TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
3,472	**-**	**3,472**
4,182	-	4,182
3,456	-	3,456
-	-	
4,198	**-**	**4,198**
1,985	-	1,985
9,637	-	9,637
6,146	-	6,146
-	-	
9,674	**-**	**9,674**
Impairment of CWIP		
274	-	**274**
94	-	94
368	-	368
-	-	-
-	**-**	**-**
120	-	120
109	-	109
-	-	-
11	**-**	**11**
3,198	-	3,198
4,198	-	4,198
9,663	**-**	**9,663**

Note:
1. Additions to PPE & CWIP include exchange loss aggregating to Rs.39 lakhs for the year 2022-23 (exchange loss of Rs.24 lakhs for the year 2021-22) capitalised under Plant & Machinery
2. Refer Note no. 3.9 for details of charge on Fixed Assets

(a) CWIP ageing schedule

As on 31-Mar-2023

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	9,606	57	-	-	9,663
Projects temporarily suspended	-	-	-	-	-
	9,606	**57**	**-**	**-**	**9,663**

As on 31-Mar-2022

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	4,198	-	-	-	4,198
Projects temporarily suspended	-	-	-	-	-
	4,198	**-**	**-**	**-**	**4,198**

(b) For CWIP whose completion is overdue or has exceeded its cost compared to its original plan

As on 31-Mar-2023

Particulars	To be completed in				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Various machines	57	-	-	-	57
	57	**-**	**-**	**-**	**57**

As on 31-Mar-2022 **NIL**

NOTE No. 1.4
RIGHT-OF-USE ASSETS

(Rupees in Lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Opening	8,707	8,342
Additions	2,293	2,476
Amortisation expense	(1,804)	(2,145)
Deletions	-	(91)
Closing	**9,196**	8,582

Refer note: B.7 & 3.10a for detailed disclosures

NOTE No. 1.5
GOODWILL ON CONSOLIDATION

(Rupees in Lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Goodwill	18,999	-
	18,999	**-**

Refer Note: 3.12

NOTE No. 1.6
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(Rupees in Lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Investment in Equity of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd (30% stake)		
600,000 equity shares of Rs.10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	175	136
Share of current year profits in Joint Venture	47	39
	282	**235**

FINANCIAL ASSETS
NOTE No. 1.7
NON CURRENT INVESTMENTS

(Rupees in Lakhs)

Particulars	As at March 31 2023	As at March 31 2022
Investment in Equity instruments (at Fair Value through OCI)		
Unquoted		
MC Machinery Systems India Private Ltd (10% stake)		
(Formerly known as MC Craftsman Machinery Private Ltd)		
2,10,000 equity shares of Rs.100 each fully paid up. Sold on 30-Nov-21	-	-
iEnergy wind farm (Theni) Private Ltd #		
5975 equity shares of Rs.10 each fully paid up	1	-

NOTE No. 1.7
NON CURRENT INVESTMENTS (contd..)

(Rupees in Lakhs)

Particulars	As at March 31 2023	As at March 31 2022
TAGMA Centre of Excellence and Training		
15 equity shares of Rs.10 each fully paid up	5	**5**
Bhatia Coke & Energy Limited	-	-
34,810 equity shares of Rs.10 each fully paid up		
(cost Rs. 10,999,960)		
Hurricane Windfarms Pvt Limited (26% stake)*	4	**4**
39,000 equity shares of Rs.10 each fully paid up		
Watsun Infrabuild Private Limited	-	**21**
209,252 equity shares of Rs. 10 each fully paid up. Sold entirely in FY22-23.		
Kamachi Industries Ltd	30	-
(298800 Equity Shares of Rs.10 each fully paid-up)		
NSL Wind Power Company(Phoolwadi)Pvt Ltd	21	-
(1,61,905 Equity Shares of Rs.10 each fully paid-up)		
Total	**61**	**30**

*Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

amount is below rounding off norms adopted by the Company

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	**61**	**30**
Aggregate amount of impairment in value of investments	-	-

NOTE No. 1.8
SECURITY DEPOSITS

Particulars	**As at March 31 2023**	**As at March 31 2022**
Rent Deposit	1,467	1,356
Other Deposits	1,871	1,158
Total	**3,338**	**2,514**

NOTE No. 1.9
OTHER NON-CURRENT FINANCIAL ASSETS

Currency swap & Interest Rate Swap Derivative	**138**	**43**

NOTE No. 1.10
CURRENT TAX ASSETS (NET)

Particulars	**As at March 31 2023**	**As at March 31 2022**
Advance payment of income tax less provisions	**21**	**-**

NOTE No. 1.11
OTHER NON CURRENT ASSETS
Unsecured, considered good unless otherwise stated

Particulars	**As at March 31 2023**	**As at March 31 2022**
Capital Advances	6,019	3,169
Less: Provision for doubtful advances	(28)	(28)
Total	**5,991**	**3,141**

NOTE No. 1.12
INVENTORIES

Particulars	As at March 31 2023	As at March 31 2022
Raw Materials, Components and Consumables	38,613	33,366
Work-in-progress	17,299	10,758
Finished goods	3,251	2,771
Consumable Stores	6,214	3,919
Stock-in-trade	3,146	-
Tools in use	3,512	2,848
Machinery Spares	9,735	8,185
Packing Materials	596	414
Stock in transit	1,235	380
Total	**83,601**	**62,641**
Inventory valued at Net Realisable Value	302	496
Amount written down to arrive at Net Realisable Value*	196	311

* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

Provision for slow moving inventory made in the current year is Rs. 188 lakhs (previous year is Rs. 485 lakhs)

NOTE No. 1.13
TRADE RECEIVABLES

Particulars	As at March 31 2023	As at March 31 2022
Considered good - Secured	-	-
Considered good - Unsecured	53,529	29,621
Significant increase in Credit Risk	700	550
Credit impaired	40	184
Less: Expected Credit Loss allowance	(740)	(734)
Total	**53,529**	**29,621**

Receivables from related parties - refer note 3.7

Movement in expected credit loss allowance is as follows (including under ECL model):

	Opening	Allowance made during the year	write off during the year	Closing
2022-23	734	79	(73)	740
2021-22	791	(57)	-	734

Particulars	Ageing as on 31-03-22					
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	Grand Total
Undisputed						
(i) Considered good	52,163	1,156	210	-	-	**53,529**
(ii) significant increase in credit risk	-	-	452	69	167	**688**
(ii) Credit impaired	-	-	-	-	-	**-**
Disputed						**-**
(iv)Considered good	-	-	-	-	-	**-**
(v)significant increase in credit risk	-	-	8	4	-	**12**
(vi)Credit impaired	-	-	-	-	40	**40**
Gross Total						**54,269**
Less: Provision for doubtful debts						-740
Total						**53,529**

Particulars	Ageing as on 31-03-22					
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	Grand Total
Undisputed						
(i) Considered good	28,617	948	56	-	-	**29,621**
(ii) significant increase in credit risk	-	-	286	152	101	**539**
(ii) Credit impaired				-	73	**73**
Disputed						
(iv)Considered good	-	-	-	-	-	**-**
(v)significant increase in credit risk	-	-	-	-	-	**-**
(vi)Credit impaired	-	-	8	4	110	**122**
Gross Total						**30,355**
Less: Provision for doubtful debts						-734
Total						**29,621**

NOTE No. 1.14
CASH AND CASH EQUIVALENTS

Particulars	As at March 31 2023	As at March 31 2022
a. Balances with banks	2,730	2,936
b. Cash on hand	2	7
Total	**2,732**	**2,943**

NOTE No. 1.15
OTHER BANK BALANCES

Particulars	As at March 31 2023	As at March 31 2022
Margin money deposits against Letter of Credit & Guarantee	2,001	1,377
Earmarked balances with banks	-	27
Other Deposits	1	1
Total	**2,002**	**1,405**

NOTE No. 1.16
SECURITY DEPOSIT-CURRENT

Particulars	As at March 31 2023	As at March 31 2022
Security Deposits	**30**	**335**

NOTE No. 1.17
OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31 2023	As at March 31 2022
Currency swap, Interest Rate Swaps ('IRS') & Forward cover derivative	798	812
Interest receivable	58	53
Total	**856**	**865**

NOTE No. 1.18
OTHER CURRENT ASSETS

Particulars	As at March 31 2023	As at March 31 2022
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	1,027	702
Advance to Suppliers (Other than Capital Goods)	3,698	2,763
Prepaid Expenses	1,078	1,240
Advance to Employees	66	98
Contract assets - Unbilled Revenue	127	170
Others	44	156
Total	**6,040**	**5,129**

NOTE No. 1.19
EQUITY SHARE CAPITAL

Particulars	As at March 31 2023		As at March 31 2022	
	Nos.	Amount	Nos.	Amount
Authorised				
Equity Shares of Rs.5 each	4,00,00,000	2,000	4,00,00,000	2,000
Issued, called, subscribed & Paid Up				
Equity Shares of Rs.5 each	2,11,28,311	1,056	2,11,28,311	1,056
Total	**2,11,28,311**	**1,056**	**2,11,28,311**	**1,056**

The movement of equity shares is as below

Particulars	As at March 31 2023		As at March 31 2022	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	**2,11,28,311**	**1,056**	2,11,28,311	1,056
Additions due to issue of shares	-	-	-	-
Shares outstanding at the end of the year	**2,11,28,311**	**1,056**	2,11,28,311	1,056

Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31 2023		As at March 31 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S Ravi	**1,05,00,000**	**49.70%**	1,05,00,000	49.70%
S Murali	**19,17,413**	**9.08%**	21,26,260	10.06%
Marina III (Singapore) Pte Limited	**-**	**0.00%**	11,56,808	5.48%
Total	**1,24,17,413**	**58.77%**	1,37,83,068	65.24%

Details of Promoter's shareholding in the company

Name of the Promoter	As at March 31 2023			As at March 31 2022		
	No. of Shares held	% of Holding	% Change	No. of Shares held	% of Holding	% Change
Promoter						
S Ravi	**1,05,00,000**	**50%**	**0%**	1,05,00,000	50%	0%
Promoter Group						
Murali S	**19,17,413**	**9%**	**-1%**	21,26,260	10%	0%
Chithra Ravi	**200**	**0%**	**0%**	200	0%	0%
Gautham Ram R	**200**	**0%**	**0%**	200	0%	0%
Mirthula R	**200**	**0%**	**0%**	200	0%	0%
Total	**1,24,18,013**	**59%**	**-1%**	**1,26,26,860**	**60%**	**0%**

For the period of five years immediately preceding the balance sheet date

i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

Sub-division of shares:

The shareholders of the company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of Rs.100/- each into equity shares having a face value of Rs.5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value Rs.5/- each from that date.

Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on 25 March 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of Rs.5 each at an offer price of Rs. 1,490 per share.

NOTE No. 1.20
OTHER EQUITY

Particulars		As at March 31 2023	As at March 31 2022
Reserves & Surplus			
Securities Premium	A	28,123	28,123
General Reserves	B	9,662	9,662
Retained Earnings	C	99,124	75,136
Total Reserves & Surplus		1,36,909	1,12,921
Cash Flow Hedging Reserve	D	(493)	(442)
Equity instruments through Other Comprehensive Income		(321)	(321)
Foreign currency translation reserve		317	185
Share of Networth in JV		222	175
Total		**1,36,634**	**1,12,518**

Additions and Deductions since the last balance sheet date:
(i) Securities Premium Account

	As at March 31 2023	As at March 31 2022
Opening balance	28,123	28,308
Premium on fresh issue of shares	-	-
Issue expenses adjusted	-	(185)
Closing balance	**28,123**	**28,123**

(ii) Retained Earnings

	As at March 31 2023	As at March 31 2022
Opening balance	75,136	58,861
Profit for the year	24,791	16,271
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(10)	4
Dividend (including dividend distribution tax)	(793)	-
Closing balance	**99,124**	**75,136**

(iii) Cash Flow Hedging Reserve

	As at March 31 2023	As at March 31 2022
Opening balance	(442)	(953)
Changes in fair value of hedging instruments	2	785
Deferred Tax	(53)	(274)
Closing Balance	**(493)**	**(442)**

(iv) Equity instruments through Other Comprehensive Income

	As at March 31 2023	As at March 31 2022
Opening balance	(321)	(321)
Changes in fair value of FVOCI equity instruments	-	-
Closing Balance	**(321)**	**(321)**

(v) Foreign currency translation reserve

	As at March 31 2023	As at March 31 2022
Opening balance	185	194
Exchange differences in translating the financial statements of foreign operations	132	(9)
Closing Balance	**317**	**185**

(vi) Share of Networth in JV

	As at March 31 2023	As at March 31 2022
Opening balance	175	136
Share of current year profits in Joint Venture	48	38
Share of other comprehensive income in Joint Venture	(1)	1
Closing Balance	**222**	**175**

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.

C. Retained Earnings includes Rs 5542 lacs of revaluation reserve created due to Land revaluation on transition date to Ind AS (01.04.2015), which will not be available for distribution of profits

D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2023, the Board of Directors has proposed a final dividend of Rs.11.25 per share of face value Rs.5 each to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the forth coming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.2,377 lakhs.

Note No. 1.21
NON-CONTROLLING INTEREST

Particulars	As at March 31 2023	As at March 31 2022
Opening	-	-
On business combination	5,842	-
Profit attributable to non-controlling Interest for the year	257	-
Other comprehensive income attributable to non-controlling interest for the year	1	-
	6,100	**-**

NOTE No. 1.22
LONG TERM BORROWINGS

Particulars	As at March 31 2023		As at March 31 2022	
	Non-Current	Current *	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans	38,845	5,978	10,969	5,267
Foreign Currency Term Loans	13,194	4,588	17,885	7,385
	52,039	**10,566**	**28,854**	**12,652**
From NBFC				
Rupee Term Loans	36,182	290	8,524	2,208
Unsecured				
From Banks				
Rupee Term Loans	2,396	750	-	-
Total	**90,617**	**11,606**	**37,378**	**14,860**

Notes:
1. The above long term borrowings are carried at amortised cost.

	31-Mar-23	31-Mar-22
Loans at amortised cost as at the end of the year (current + noncurrent)	1,02,223	52,238
Add : Unamortised upfront fee paid as at the end of year	207	153
Gross loan outstanding as at the end of the year	**1,02,430**	**52,391**

2. Refer note no 3.9 for security and terms of borrowings.
* Taken to short term borrowings (Note 1.26)

Net Debt Reconciliation:
For the year ended 31 March 2023

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 22	2,943	317	(19,339)	(52,700)	(8,395)	(77,174)
Acquisition of RoU asset	-	-	-	-	(2,293)	(2,293)
Pre-closure of leases	-	-	-	-	(0)	(0)
Cash Flows	(2,721)	-	10,269	(30,674)	2,054	(21,072)
Fair Value changes	-	244	-	-	-	244
Foreign exchange adjustments	40	-	(668)	(1,012)	-	(1,640)
Acquired in business combination	2,470		(3,327)	(18,202)	(117)	
Interest expense & other charges	-	-	(3,341)	(5,764)	(850)	(9,955)
Interest & charges paid	-	-	3,309	5,423	850	9,582
Balance as at 31 March 23	**2,732**	**561**	**(13,097)**	**(1,02,929)**	**(8,751)**	**(1,02,308)**

For the year ended 31 March 2022

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 21	3,127	(732)	(15,821)	(55,152)	(10,244)	(78,822)
Acquisition of RoU asset	-	-	-	-	(2,476)	(2,476)
Pre-closure of leases	-	-	-	-	91	91
Cash Flows	(176)	-	(3,508)	3,406	4,234	3,956
Fair Value changes	-	1,049	-	-	-	1,049
Foreign exchange adjustments	(8.00)	-	-	(1,008)	-	(1,016)
Interest expense & other charges	-	-	(1,918)	(4,322)	(924)	(7,164)
Interest & charges paid	-	-	1,908	4,376	924	7,208
Balance as at 31 March 22	**2,943**	**317**	**(19,339)**	**(52,700)**	**(8,395)**	**(77,174)**

*Includes the portion of "interest accrued but not due" pertaining to borrowings.

** does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

NOTE No. 1.23
LEASE LIABILITIES - NON-CURRENT

Particulars	As at March 31 2023	As at March 31 2022
Lease Liabilities - Non-current	7,539	6,685
Total	**7,539**	**6,685**

Refer Note No B.7 & 3.10

NOTE No. 1.24
NON-CURRENT FINANCIAL LIABILITIES- OTHERS

Particulars	As at March 31 2023	As at March 31 2022
Currency swap & Interest Rate Swap Derivative	375	353
Rent Advance	2	2
Total	**377**	**355**

Notes:
1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS & IRC derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued

NOTE No. 1.25
DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31 2023	As at March 31 2022
Deferred Tax Liabilities	15,551	16,437
Deferred Tax Assets	(1,439)	(2,400)
Deferred Tax Liabilities (net)	14,112	14,037
MAT Credit Entitlement- Unused tax credit	-	(2,359)
Total	**14,112**	**11,678**

Note : Refer Note No 3.3 for detailed deferred tax working and effective tax rate reconciliation

NOTE No. 1.26
SHORT TERM BORROWINGS

Particulars		As at March 31 2023	As at March 31 2022
Secured			
Loans repayable on demand from banks			
Rupee Loans		6,404	4,031
Foreign Currency Loans		1,644	3,791
	Sub-total (A)	**8,048**	**7,822**
Unsecured			
Rupee Loans		5,000	11,500
	Sub-total (B)	**5,000**	**11,500**
Current maturities of long-term debt **(C)**		**11,607**	**14,860**
Total	**(A + B + C)**	**24,655**	**34,182**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the company.
b. second pari passu charge on fixed assets of the company.

NOTE No. 1.27
LEASE LIABILITIES - CURRENT

Particulars	As at March 31 2023	As at March 31 2022
Lease Liabilities - Current	1,212	1,710
Total	**1,212**	**1,710**

NOTE No. 1.28
TRADE PAYABLES

Particulars		As at March 31 2023	As at March 31 2022
Due to Micro and Small Enterprises-(MSE)		1,167	554
	Sub-total (A)	**1,167**	**554**
Due to Other Suppliers		68,101	43,422
Accrued Expenses		1,894	2,280
	Sub-total (B)	**69,995**	**45,702**
Total		**71,162**	**46,256**

Payables to related parties - refer note 3.7

Particulars	Ageing as on 31.03.23				
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	Grand Total
(i) MSE	1,167	-	-	-	1,167
(ii) Others	67,826	178	97	-	68,101
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
Gross Total					**69,268**
Accrued Expenses					1,894
Total					**71,162**

Particulars	Ageing as on 31.03.22				
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	Grand Total
(i) MSE	554	-	-	-	554
(ii) Others	43,252	113	47	10	43,422
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
Gross Total					**43,976**
Accrued Expenses					2,280
Total					**46,256**

NOTE No. 1.29
OTHER CURRENT FINANCIAL LIABILITIES

Particulars	**As at March 31 2023**	**As at March 31 2022**
Interest accrued but not due on borrowings	756	441
Currency swap , Interest Rate Swap & Forward cover derivative	-	185
Creditors for capital goods and services	6,284	3,996
Employee related liabilities	2,257	1,674
Dues to directors	3	17
Liability towards selling shareholders (from IPO proceeds)	-	16
Others	2,964	1,045
Total	**12,264**	**7,374**

NOTE No. 1.30
CURRENT TAX LIABILITIES (NET)

Particulars	**As at March 31 2023**	**As at March 31 2022**
Income tax provisions less advance payment	**3,156**	**690**

NOTE No. 1.31
OTHER CURRENT LIABILITIES

Particulars	**As at March 31 2023**	**As at March 31 2022**
Advance from customers	8,042	5,327
Statutory Dues	3,069	1,798
Total	**11,111**	**7,125**

NOTE No. 1.32
SHORT TERM PROVISIONS

Particulars	As at March 31 2023	As at March 31 2022
Provision for employee benefits		
Gratuity	267	203
Other Provisions		
Provision for Warranty Cost	214	158
Provision for Rejection	196	110
Total	**677**	**471**

Note:
Movement in Provision for product warranties is as follows :

	Opening	Expired during the year	Warranty provided for current year	Closing
2022-23	158	158	214	214
2021-22	111	111	158	158

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

Movement in Provision for rejection is as follows :

	Opening	Expired during the year	Rejection provided for current year	Closing
2022-23	110	110	196	196
2021-22	60	60	110	110

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed or replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

NOTE No. 2.1
REVENUE FROM OPERATIONS

Particulars		March 31 2023	March 31 2022
Sale of products;			
Domestic Sales		2,06,421	1,34,604
Export Sales		20,487	15,513
	A.	**2,26,908**	**1,50,117**
Sale of services;			
Machining Charges		63,678	50,919
Service Charges		1,166	686
	B.	**64,844**	**51,605**
Other operating revenues;			
Sale of swarf & others		24,725	17,663
Duty Drawback		350	267
EPCG income on fulfilling obligation		1,270	1,891
Export Incentive under RoDTEP		163	159
	C.	**26,508**	**19,980**
Revenue from operations (A+B+C)		**3,18,260**	**2,21,702**

Refer Note no: 3.13 "Segment Reporting" for breakup of revenue from operations.

NOTE No. 2.2
OTHER INCOME

Particulars	March 31 2023	March 31 2022
Interest Income from deposits measured at amortised cost	653	138
Interest Income due to unwinding of fair valued assets		
-Rent Advance	80	95
Net gain on sale of assets	41	141
Rental income	31	28
Exchange rate Gain/(Loss) on Transaction	417	337
Others	32	1
Total	**1,254**	**740**

NOTE No. 2.3
COST OF MATERIALS CONSUMED

Particulars	March 31 2023	March 31 2022
Cost of goods sold	1,67,235	1,03,033
Carriage inward	1,340	2,542
Sub Contract Charges	1,389	974
Total	**1,69,964**	**1,06,549**

NOTE No. 2.4
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	March 31 2023	March 31 2022
Inventory at the end of the year		
Work in Progress	17,299	10,758
Finished Goods	3,251	2,771
Sub total	**20,550**	**13,529**
Inventory at the beginning of the year		
Work in Progress	10,758	7,614
Finished Goods	2,771	2,771
Sub total	**13,529**	**10,385**
(Increase) / decrease in inventory	**(7,021)**	**(3,144)**

NOTE No. 2.5
EMPLOYEE BENEFITS EXPENSE

Particulars	March 31 2023	March 31 2022
Salaries and wages	18,040	14,523
Contributions to Provident Fund & Employee State Insurance	538	489
Contribution to Gratuity fund	241	210
Managerial Remuneration	1,831	1,195
Staff welfare expenses	2,700	2,359
Total	**23,350**	**18,776**

NOTE No. 2.6
DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

Particulars	March 31 2023	March 31 2022
Depreciation on Property, Plant & Equipment	20,068	18,086
Amortization of Intangible Assets	169	274
Amortization- Right-of-use Asset	1,804	2,145
Write off (including current year CWIP- ₹109 Lakhs)	109	368
Impairment expense / (reversal) of Capital Work in Progress	11	(274)
Total	**22,161**	**20,599**

NOTE No. 2.7
OTHER EXPENSES

Particulars	March 31 2023	March 31 2022
Manufacturing Expenses		
Stores, Spares & tool consumed	18,144	14,077
Power & Fuel	16,606	11,254
Repairs & Maintenance		
- Machinery	7,657	6,057
- Building	751	419
- Others	1,864	1,485
Payment to contractors	5,287	3,702
Other manufacturing expenses	705	335
A.	**51,014**	**37,329**

Administrative Expenses			
Professional and Consultancy charges		1,108	631
Insurance Charges		467	406
Rates & Taxes		161	136
Software Licenses		574	484
General Administrative Expenses		839	623
Printing & Stationary		188	177
Postage & Telegrams		61	46
Rent		176	140
Telephone Expenses		161	133
Travelling Expenses		1,020	617
Directors' Sitting Fees		25	21
Remuneration to auditors		74	64
Corporate Social Responsibility Expenses		315	225
Amounts written off			
Bad debts		73	-
Provisions for the year			
Warranty		52	24
Rejections		18	17
Doubtful debts		5	(57)
	B.	**5,317**	**3,687**
Selling expenses			
Packing material consumed		2,691	1,944
Carriage Outward		4,071	2,953
Sales Promotion Expenses		513	192
	C.	**7,275**	**5,089**
Total (A+B+C)		**63,606**	**46,105**

Payment to Auditors

Particulars	March 31 2023	March 31 2022
Audit fee	56	53
Taxation Matters	10	10
Company Law Matter	-	-
Other Services- Certification	3	1
Reimbursement of Expenses	5	-
Total	**74**	**64**

NOTE No. 2.8
FINANCE COSTS

Particulars	March 31 2023	March 31 2022
Interest expenses		
On Short Term Borrowings	3,341	1,920
On Long Term Borrowings at Amortised Cost	5,674	4,226
Others	218	110
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	90	96
Interest unwind - lease liability	850	924
Unwinding of Rent Advance	80	95
Bank charges	372	330
MTM (Gain) / Loss - Derivative -(Net)	-	(14)
Net (gain)/loss on foreign currency transactions and translation	1,398	735
Total	**12,023**	**8,422**

Notes to Consolidated Financial Statements for the year ended 31 March 2023:

3.1 Subsidiaries and Joint Venture considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership	
			March 31, 2023	March 31, 2022
1	DR Axion India Private Limited	India	76%	0%
2	Craftsman Europe B.V	Netherlands	100%	100%
3	Craftsman Automation Singapore Pte Ltd *	Singapore	0%	0%

***Note:** the Company passed Board Resolution at their meeting held on 20th August 2019 to wind up the subsidiary in Singapore. The subsidiary was liquidated on 21st June 2021.

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership	
			March 31, 2023	March 31, 2022
1	Carl Stahl Craftsman Enterprises Private limited	India	30%	30%

3.2 Additional Information – Subsidiaries & Joint Ventures:

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures

Rs. Lakhs

Name of the entity	March 31, 2023		March 31, 2022	
	As a % of consolidated Net Assets	Amount	As a % of consolidated Net Assets	Amount
Parent Company				
Craftsman Automation Limited	95.37%	1,37,138	100.57%	1,14,220
Domestic Subsidiary				
DR Axion India Private Limited	17.60%	25,313	0.00%	-
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	0.00%	-	0.00%	-
Craftsman Europe B.V	1.63%	2,344	1.74%	1,975
Sub Total	**114.61%**	**1,64,795**	**102.31%**	**1,16,195**
Add/Less: Intragroup eliminations / adjustments	-14.61%	(21,005)	-2.31%	(2,621)
Total	**100.00%**	**1,43,790**	**100.00%**	**1,13,574**

Rs. Lakhs

Name of the entity	March 31, 2023 As a % of consolidated Profit or Loss	March 31, 2023 Amount	March 31, 2022 As a % of consolidated Profit or Loss	March 31, 2022 Amount
Parent Company				
Craftsman Automation Limited	94.74%	23,776	98.38%	16,045
Domestic Subsidiary				
DR Axion India Private Limited	4.27%	1,072	0.00%	-
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	0.00%	-	-0.19%	(31)
Craftsman Europe B.V	0.95%	238	1.38%	225
Sub Total	**99.96%**	**25,086**	**99.57%**	**16,239**
Add/Less: Intragroup eliminations / adjustments	0.04%	10	0.43%	70
Total	**100.00%**	**25,096**	**100.00%**	**16,309**

Rs. Lakhs

Name of the entity	March 31, 2023 As a % of consolidated OCI	March 31, 2023 Amount	March 31, 2022 As a % of consolidated OCI	March 31, 2022 Amount
Parent Company				
Craftsman Automation Limited	-92.86%	(65)	101.56%	515
Domestic Subsidiary				
DR Axion India Private Limited	5.71%	4		
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	0.00%	-	6.19%	31
Craftsman Europe B.V	187.14%	131	-7.97%	(40)
Sub Total	**100.00%**	**70**	**99.78%**	**506**
Add/Less: Intragroup eliminations / adjustments	0.00%	-	0.22%	1
Total	**100.00%**	**70**	**100.00%**	**507**

Rs. Lakhs

Name of the entity	March 31, 2023 As a % of consolidated Total Comprehensive Income	March 31, 2023 Amount	March 31, 2022 As a % of consolidated Total Comprehensive Income	March 31, 2022 Amount
Parent Company				
Craftsman Automation Limited	94.23%	23,711	98.48%	16,560
Domestic Subsidiary				
DR Axion India Private Limited	4.29%	1,076	0.00%	-
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Ltd	0.00%	-	0.00%	-
Craftsman Europe B.V	1.47%	369	1.10%	185
Sub Total	**99.96%**	**25,156**	**99.58%**	**16,745**
Add/Less: Intragroup eliminations / adjustments	0.04%	10	0.42%	71
Total	**100.00%**	**25,166**	**100.00%**	**16,816**

3.3 Income taxes

Income tax expense for the year reconciled to accounting profit

Rs. Lakhs

		Year Ended March 31 2023	Year Ended March 31 2022
Profit before tax	a	35,479	25,173
Income tax rate	b	25.168%	34.944%
Income tax expenses	a*b	8,929	8,796
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		-	(8)
ii) Effect of expenses inadmissible for tax		131	123
iii) Effect of lower tax income of subsidiaries		(160)	(35)
iv) Effect of share of profit from JV		(12)	(12)
v) Effect of MAT Credit written off		2,348	-
vi) Effect of change in tax rate		(853)	-
Income tax expense recognised in Statement of Profit & loss		10,383	8,864

Note: The holding company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961. Accordingly, the holding Company has recognised income tax expense for the financial year ended 31 March 2023 and remeasured its deferred tax liabilities (net) at the tax rate prescribed in the said section. The impact of the change in the Statement of Profit and Loss for the year ended 31 March 2023 are:

a. reduction of tax expense by Rs. 3730 lakhs.

b. one-time gain of Rs. 853 lakhs arising from reversal of deferred tax liability as at 1 April 2022

c. charging off of MAT credit of Rs. 2348 lakhs which is unavailable on adoption of the reduced rate

Movement of deferred tax assets/ liabilities

Rs. Lakhs

Movement during the year ended March 31 2023	As at March 31 2022	Acquired In business combinatio	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2023
Depreciation & Amortization	(15,222)	(1,903)	2,597	-	-	(14,528)
Provision for doubtful debts	254	-	(70)	-	-	184
Provision for Loans & Advances and Others	-	-	-	-	-	-
Other Temporary Differences	931	-	(649)	(50)	-	232
MAT Credit Entitlement- Unused tax credit	2,359	-	-	-	(2,359)	-
	(11,678)	**(1,903)**	**1,878**	**(50)**	**(2,359)**	**(14,112)**

Rs. Lakhs

Movement during the year ended March 31 2022	As at March 31 2021	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2022
Depreciation & Amortization	(15,340)	118	-	-	(15,222)
Provision for doubtful debts	274	(20)	-	-	254
Provision for Loans & Advances and Others	133	(133)	-	-	(0)
Other Temporary Differences	1,184	23	(276)	-	931
MAT Credit Entitlement- Unused tax credit	6,911	-	-	(4,552)	2,359
	(6,838)	**(12)**	**(276)**	**(4,552)**	**(11,678)**

3.4 Employee Benefits

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on 7 July 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on 28 September 2020. However, the date on which these Codes will come into effect has not been notified. The Group will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

3.4 A) Defined Contribution Plan

The employee provident fund is in the nature of Defined Contribution Plan. The contribution made to the scheme is considered as expense in the Statement of Profit and Loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in Statement of Profit or Loss of Rs. 493 lakhs (2021-22: Rs.437 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

3.4 B) Defined benefit plans

a. The Group extends defined benefit plan in the form of gratuity to employees. The Group makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Group's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group there can be strain on the cash flows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b. The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at Mar 31, 2023	As at March 31, 2022
Discount rate	7.55% - 7.59%	7.48%
Expected rate of salary increase	5.00% - 10.00%	5.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c. Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Rs. In Lakhs

	2022-23 Rs. In Lakhs	2021-22 Rs. In Lakhs
Current Service Cost	234	204
Net interest expense/ (income)	8	5
Component of defined benefit cost recognised in P&L	**242**	**209**
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	(14)	(69)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	18	57
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in Defined Benefit Obligation	0	
Return on Plan Assets (Greater) / Less than Discount rate	8	5
Components of defined benefit costs recognised in other comprehensive income	**13**	**(6)**
Total Defined Benefit Cost	**267**	**203**

d. The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows

Rs. In Lakhs

	As at Mar 31, 2023	As at Mar 31, 2022
Present value of defined benefit obligation	2256	1718
Fair value of plan assets	1988	1516
Net liability arising from defined benefit obligation (funded)	(268)	(202)

e. Movements in the present value of the defined benefit obligation in the current year were as follows:

Rs. In Lakhs

	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Opening defined benefit obligation	1719	1580
Current Service Cost	234	204
Interest Cost	129	105
Benefits paid	(57)	(158)
Actuarial (gain)/loss	8	(12)
Closing defined benefit obligation	**2033**	**1718**

f. Movements in fair value of plan assets in the current year were as follows:

Rs. In Lakhs

	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Opening fair value of plan assets	1516	1432
Interest income of the assets	121	100
Employer contribution	203	148
Benefits payout	(57)	(158)
Actuarial gain/(loss)	(6)	(5)
Closing fair value of plan assets	**1777**	**1516**

g. The Group funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs. 125 lakhs (2021-22: Rs. 95 lakhs)

h. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

Rs. In Lakhs

	As at Mar 31, 2023	As at Mar 31, 2022
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• *Decrease by (Mar 23: (8.63%) to (9.77%); Mar 22: (8.75%))*	(197)	(150)
• *Increase by (Mar 23: 10.03% to 11.51% ; Mar 22: 10.19%)*	229	175
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• *Increase by (Mar 23: 8.64% to 11.06% ; Mar 22: 8.75%)*	200	150
• *Decrease by (Mar 23: (7.88%) to (9.52%) ; Mar 22: (7.90%))*	(181)	(136)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• *Increase by (Mar 23: 1.65% to 2.67%; Mar 22: 1.71%)*	40	29
• *Decrease by (Mar 23: (1.86%) to (3.09%) ; Mar 22: (1.92%))*	(45)	(33)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

i. Funding arrangements

The Group has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Group will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make a contribution of Rs 283 lakhs (as at March 31, 2022: Rs 232 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	31st Mar 2023	31st Mar 2022
Weighted average duration of the DBO	12.13 -12.78 years	12.18 years
	Rs. Lakhs	**Rs. Lakhs**
Projected Benefit Obligation	2256	1719
Accumulated Benefits Obligation	1512	1160

j. Maturity Profile:

Rs. Lakhs

FUTURE PAYOUTS	Present Value
Year (i)	146
Year (ii)	149
Year (iii)	134
Year (iv)	131
Year (v)	109
Next 5 year pay-outs(6-10yrs)	506
Pay-outs above ten years	1080

3.5 Earnings per share (EPS)

	Year Ended March 31 2023	Year Ended March 31 2022
	Rs.	**Rs.**
Earnings per share		
Basic earnings per share	117.56	77.19
Diluted earnings per share	117.56	77.19
Face value per share	5	5
Basic and diluted earnings per share	**Rs. Lakhs**	**Rs. Lakhs**
Profit for the year attributable to equity shareholders	24,839	16,309
	Nos.	**Nos.**
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,11,28,311
Weighted average number of equity shares		
used in the calculation of basic earnings per share	2,11,28,311	2,11,28,311
after adjustment for effect of dilution	2,11,28,311	2,11,28,311

3.6 Financial Instruments:

<u>3.6a Capital Management:</u>

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Group finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

The Debt to equity ratio as at end of the year is given below:

Rs. Lakhs

	As at March 31 2023	As at March 31 2022
Debt (long-term and short-term borrowings including current maturities)	1,15,272	71,560
Equity	1,43,790	1,13,574
Debt Equity Ratio	**0.80**	**0.63**

3.6b Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies as approved by the board of directors.

i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

A. Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Assets	Currency	As at March 31 2023		As at March 31 2022	
		Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Receivables	**USD**	43	3,561	49	3,684
	EUR	10	883	10	858
	GBP	0.44	44	0.04	4
Loans given in FC	**EUR**	-	-	-	-
Total Receivables (A)			4,488		4,546
Hedged by derivative contracts (B)		-	-	-	-
Unhedged receivables (C=A-B)			4,488		4,546

Liabilities	Currency	As at March 31 2023 Amount in Foreign currency (Lakhs)	As at March 31 2023 Amount in Rs (Lakhs)	As at March 31 2022 Amount in Foreign currency (Lakhs)	As at March 31 2022 Amount in Rs (Lakhs)
Payable (trade & other)	**USD**	114	9,327	65	4,928
	JPY	1,065	659	699	436
	EUR	2	144	11	949
	GBP	0.02	2	0.05	5
	CHF	0.00	0.01	0.00	0.01
	CNY	0.05	1	-	-
Borrowings (ECB and Others)	**USD**	237	19,485	371	28,131
	EUR	-	-	12	1,026
Total Payables (A)			29,618		35,475
Hedges by derivative contracts (B)	**USD**	125	10,256	199	15,121
	JPY	559	346		
Unhedged payables (C=A-B)			19,016		20,354

B. Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

Rs. Lakhs

Currency	1% Strengthening of FC As at March 31 2023	1% Strengthening of FC As at March 31 2022
USD	(150)	(143)
GBP	0.42	(0.01)
CHF	(0.00)	(0.00)
EUR	7	(11)
JPY	(3)	(4)
CNY	(0.01)	-
	(144)	**(158)**

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(in Lakhs)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31 2023	As at March 31 2022	As at March 31 2023	As at March 31 2022	As at March 31 2023	As at March 31 2022
Sell USD	559	-	352	-	346	-

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Asset'. [Refer Note 1.17] as on 31-03-2023

Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table above.

Rs. In Lakhs

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31 2023	As at March 31 2022	As at March 31 2023	As at March 31 2022
USD Libor	25 bps	19	23	7,704	9,014
INR Baserate	50 bps	296	56	59,139	11,260
		315	**79**	**66,843**	**20,275**

*Interest rate on all USD loans are hedged with either IRS or IRC and hence are not exposed to risk due to interest rate fluctuations.

Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market gain as at March 31, 2023 is Rs.231 lakhs (March 31, 2022 loss is Rs.182 lakhs). The amount of gain recognised in OCI for the year ended 31st March 2023 is Rs.413 lakhs (31st March 2022 – gain Rs.640 lakhs) and the amount of gain recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31st March 2023 is Rs. NIL (31st March 2022: gain of Rs. 14 lakhs).

In addition to the above, the Group has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market gain as at 31st March, 2023 is Rs.139 lakhs (March 31, 2022: Gain Rs. 37 Lakhs). The amount of gain recognised in OCI for the year ended 31st March 2023 is Rs.102 lakhs (31st March 2022 – Gain Rs.122 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts recognised as OCI are transferred to the Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at 31st March, 2023 is Rs. NIL (March 31, 2022: gain of Rs.218 lakhs). The amount of loss recognised in OCI for the year ended 31st March 2023 is Rs. 218 lakhs (31st March 2022: gain of Rs. 45 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31st March 2023 is Rs. 242 lakhs (31st March 2022: loss of Rs. 249 lakhs).

Further, the Group has call options for principal payments of two of its foreign currency loan which are designated as a cash flow hedge. The marked-to-market gain as at 31st March, 2023 is Rs.191 lakhs (March 31, 2022: gain of Rs.243 lakhs). The amount of loss recognised in OCI for the period year 31st March 2023 is Rs.52 lakhs (31st March 2022 – gain of Rs.215 lakhs).

ii. Credit Risk:

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

- Trade receivables:

The Group periodically assesses the financial reliability of customers taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Movement in Credit loss allowance

Rs. In Lakhs

	As at March 31 2023	**As at March 31 2022**
Balance as at beginning of the year	734	791
Allowance for bad and doubtful debts during the year	79	(57)
Trade receivables written off during the year	(73)	-
Balance as at the end of the year	**740**	**734**

<u>Other financial assets:</u>

a. <u>Bhatia Coke & Energy Limited</u>

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has fair valued the investment to NIL in FY 2020-21.

None of the Group's other cash equivalents, including time deposits with banks, are past due or impaired.

Movement in Provision for advances:

Rs. In Lakhs

	As at March 31 2023	**As at March 31 2022**
Balance as at beginning of the year	28	28
Allowance for doubtful advances made during the year	-	-
Advances written off during the year	-	-
Balance as at the end of the year	**28**	**28**

Refer note: 1.11 of the financial statements.

iii. <u>Liquidity Risk:</u>

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

Rs. Lakhs

As at March 31 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	24,655	73,576	17,041	1,15,272
Interest payments on borrowings	8,804	17,533	1,230	27,567
Lease liability	1,212	4,820	2,719	8,751
Trade Payables	71,162	-	-	71,162

Rs. Lakhs

As at March 31 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	34,182	36,853	525	71,560
Interest payments on borrowings	3,282	4,169	8	7,459
Lease liability	1,710	3,963	2,722	8,395
Trade Payables	46,256	-	-	46,256

The table below summarizes the maturity profile for its derivative financial assets and liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

Rs. Lakhs

As at March 31 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	798	(237)	-	561
Foreign exchange forwards	-	-	-	-
	798	**(237)**	**-**	**561**

Rs. Lakhs

As at March 31 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	627	(310)	-	317
Foreign exchange forwards	-	-	-	-
	627	**(310)**	**-**	**317**

3.6c Categories of Financial assets and liabilities:

	As at March 31 2023	As at March 31 2022
		Rs. Lakhs
Financial Assets		
a. Measured at amortized cost:		
Cash and cash equivalents	2,732	2,943
Other bank balances & Interest receivable	2,060	1,458
Trade Receivables	53,529	29,621
Security Deposit	3,368	2,849
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	61	30
Currency swaps & options and IRS & IRC	936	855

	As at March 31 2023	As at March 31 2022
		Rs. Lakhs
Financial Liabilities		
a. Measured at amortized cost:		
Borrowings	1,15,272	71,560
Lease Liability	8,751	8,395
Trade Payables	71,162	46,256
Other Financial Liabilities	12,266	7,191
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	375	538

3.6d Fair value measurements:

i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below:

As at March 31 2023 **Rs Lakhs**

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	61	**61**
ii) fair value through P&L	-	-	-	**-**
Derivative Instruments measured at				
i) fair value through OCI	-	936	-	**936**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	375	-	**375**
ii) fair value through P&L	-	-	-	**-**

As at March 31 2022 **Rs Lakhs**

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	30	**30**
ii) fair value through P&L	-	-	-	**-**
Derivative Instruments measured at				
i) fair value through OCI	-	855	-	**855**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	538	-	**538**
ii) fair value through P&L	-	-	-	**-**

Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used.

3.7 Related party disclosure

a) Related parties

Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

Entities with common directors

MC Machinery Systems India Private Limited till 30th November, 2021

Key Management Personnel

Mr. Srinivasan Ravi, Chairman and Managing Director

Mr. Ravi Gauthamram, Whole Time Director

Mr. Chandrashekhar Madhukar Bhide, Independent Director

Mr. Sundararaman Kalyanaraman, Independent Director

Mr. Udai Dhawan, Nominee Director till 20th June 2021 Non-Executive Non-Independent Director from 21st June 2021 till 19th March 2022

Mrs. Vijaya Sampath, Independent Director

Mr. Tamraparni Srinivasan Venkata Rajagopal, Independent Director

Mrs. Rajeswari Karthigeyan, Additional Director (from 06th March 2023)

Mr. C.B.Chandrasekar, Chief Financial Officer

Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer

Mr. Shainshad Aduvanni, Company Secretary

b) Related Party Transactions – Summary:

Transactions during the year ended	Joint Ventures		Common director - company		Key Management Personnel	
	22-23	21-22	22-23	21-22	22-23	21-22
Purchase of Goods & Services	224	243	-	37		
Sale of Goods & Services	3,946	3,102				
Sales Commission expenses	-	3				
Reimbursement of Expenditure from			-	3		
Remuneration to key management personnel					680	644
Commission					1,353	740
Sitting Fee					24	21
Rental Income	2	2	-	17		

Rs Lakhs

Balances as at the end of	Joint Ventures		Common director - company		Key Management Personnel	
	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
Trade Receivables	754	723	-	-		
Trade Payables	-	6	-	-		
Remuneration payable					-	17

c) Significant Related Party Transactions:

Rs Lakhs

	Year Ended March 31 2023	**Year Ended March 31 2022**
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	224	243
MC Machinery Systems India Private Limited	-	37
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	3,946	3,102
Sales Commission Paid		
Carl Stahl Craftsman Enterprises Private Limited#	-	3
Reimbursement of Expenditure from		
MC Machinery Systems India Private Limited	-	3
Remuneration to key management personnel		
Executive Directors	468	457
Chief Financial Officer	82	91
Chief Operating Officer	95	71
Company Secretary	35	25
Commission		
Executive Directors	1,329	715
Non-Executive Directors	24	25
Sitting Fee		
Non-Executive Directors	24	21
Rent Income		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Machinery Systems India Private Limited	-	17

Note: Remuneration to KMP does not include gratuity contribution which is determined actuarially on an overall basis for the holding Company and its newly acquired subsidiary and accordingly has not been considered.

d) Balances of Related Parties as at end of the year

Rs Lakhs

	As at March 31 2023	As at March 31 2022
Trade Receivable		
Carl Stahl Craftsman Enterprises Private Limited	754	723
Trade Payable		
Carl Stahl Craftsman Enterprises Private Limited	-	6
Remuneration payable		
Chairman and Managing Director	-	17

3.8 Contingent Liabilities and Commitments

a) Contingent Liabilities

Rs. Lakhs

Contingent Liabilities	As at March 31 2023	As at March 31 2022
a. Claims against the Group not acknowledged as debt		
Excise Duty	7	7
Value Added Tax	18	50
Service tax	67	67
Goods and Sevice Tax	16	16
Income tax	485	1,821
Stamp duty	56	56
b. Sales Bills discounted	**1,908**	**2,217**

b) Commitments

Commitment on Capital Account not provided as on 31 March 2023: Rs. 17861 lakhs; 31 March 2022: Rs.20,570 lakhs.

3.9 Non-Current Borrowings:

Rs. In lakhs

	As at March 31 2023			Particulars of Repayment		As at March 31 2022		
	Non-Current	Current Maturity	Total	Instalments	Amount/Inst	Non-Current	Current Maturity	Total
ECB-4	-	-	-	Quarterly	USD 0.63/8 ,	237	237	474
ECB-11	-	-	-	Quarterly	USD 4.00/ 20	909	1,212	2,121
ECB-12	- -	- -	-	Quarterly	INR 0.5/ 2, 1.0/ 4. 2.18/ 15, 2.3/ 1	-	1,030	1,030
ECB-13	11,357	3,760	15,117	Half-yearly	USD 11.54 / 13	13,940	3,464	17,404
ECB-14	1,846	819	2,665	Quarterly	USD 2.50/ 20	2,458	754	3,212
FCTL-1	-	-	-	Quarterly	EUR 0.76 / 16	128	255	383
FCTL-2	-	-	-	Quarterly	EUR 1.28 / 15	214	428	642
TL-1	-	-	-	Quarterly	INR 208.33/ 24	2,207	1,289	3,496
TL-8	-	-	-	Quarterly	INR 160.00/ 20	-	298	298
TL-13	-	-	-	Quarterly	INR 66.87 / 20	990	703	1,693
TL-14	-	-	-	Quarterly	INR 250.00/ 20	1,497	995	2,492
TL-15	-	-	-	Quarterly	INR 250.00/ 16	299	-	299
TL-18	1,092	1,901	2,993	Quarterly	INR 156.25 / 48	3,275	1,874	5,149
TL-19	1,993	-	1,993	Quarterly	INR 250.00/ 16	2,993	745	3,738
TL-20	3,748	-	3,748	Quarterly	INR 175.00 / 20	3,324	174	3,498
TL-21	3,504	-	3,504	Quarterly	INR 350.88 / 20	4,907	1,400	6,308
TL-22	11,860	1,060	12,920	Quarterly	INR 541.67 / 24	-	-	-
TL-23	11,976	520	12,496	Quarterly	INR 520.83 / 24	-	-	-
TL-24	5,744	-	5,744	Quarterly	INR 479.17 / 12	-	-	-
TL-25	14,690	296	14,986	Quarterly	INR 150/2, 550/4 625/20	-	-	-
TL-26	10,000	-	10,000	Quarterly	INR 416.67 / 24	-	-	-
TL-27	3,118	1,250	4,368	Quarterly	INR 312.50/24	-	-	-
TL-28	594	833	1,427	Quarterly	INR 208.33/20	-	-	-
TL-29	1,869	-	1,869	Quarterly	INR 116.83/16	-	-	-
TL-30	264	-	264	Quarterly	INR 16.53/16	-	-	-
TL-31	4,566	417	4,983	Quarterly	INR 208.33/24	-	-	-
TL-32	438	250	688	Monthly	INR 20.83/48	-	-	-
TL-33	958	500	1,458	Monthly	INR 41.67/48	-	-	-
TL-34	1,000	-	1,000	Monthly	INR 20.83/48	-	-	-
Total	**90,617**	**11,606**	**1,02,223**			**37,379**	**14,859**	**52,238**

ECB – External Commercial Borrowings ; FCTL- Foreign Currency Term Loan ; TL – Rupee Term Loans

The balances mentioned above are at amortised cost: Refer note 1.22

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the Company. Also, a second pari passu charge on current assets of the Company are created for all term loans except for TL-22 to TL-26 which are secured by first pari passu charge on moveable fixed assets and second pari passu charge on current assets of the Company

3.10 Leases:

3.10a Group as lessee

(i) Following are the changes in the carrying value of right of use assets

For the year ended March 31, 2023:

(Rs. In Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2022	**315**	**8,268**	**8,583**
Additions	-	2,293	2,293
Additions on account of combination	-	124	124
Amortization/ expense	(315)	(1489)	(1804)
Deletion	-	-	-
Balance as of 31 March 2023	**-**	**9,196**	**9,196**

For the year ended March 31, 2022:

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2021	811	7,532	8,343
Additions	-	2,476	2,476
Amortization/ expense	(496)	(1,649)	(2,145)
Deletion	-	(91)	(91)
Balance as of 31 March 2022	**315**	**8,268**	**8,583**

(ii) The aggregate amortization expense on ROU assets is included under depreciation ,amortization and impairment expense in the statement of Profit and Loss.

(iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	1,212	1,710
Non-current lease liabilities	7,539	6,685
Total	**8,751**	**8,395**

(iv) The following is the movement in lease liabilities during the year:

Amount in ` lakhs

Particulars	2022-23	2021-22
Balance as at the beginning of the year	**8,395**	10,244
Additions	2,293	2476
Additions on account of business combination	124	-
Finance cost accrued during the year	850	924
Deletion	-	(91)
Payment of lease liabilities	(2,910)	(5,158)
Balance as at the end of the year	**8,751**	**8,395**

(v) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	1,992	2,460
One to five years	6,782	5,839
More than five years	3,283	3,154
Total	**12,057**	**11,453**

(vi) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(vii) Rental expense recorded for short-term leases was ₹ 176 lakhs for the year ended March 31, 2023. (March 31, 2022: ₹ 140 lakhs)

(viii) Total cash outflow for leases including short-term was ₹ 3,086 lakhs for the year ended March 31, 2023. (March 31, 2022: ₹ 5,298 lakhs).

3.10b Group as lessor

Group has provided a portion of its building on operating lease to MC Machinery Systems India Private Limited (formerly known as MC Craftsman Machinery Private Ltd) & Carlstahl Craftsman Enterprises Private Limited for a period of 3 years.

Non-Cancellable Operating lease commitment	As at March 31, 2023	As at March 31, 2022
Not later than 1 year	18	28
Later than 1 year but not later than 5 years	7	15
Later than 5 years	-	-

3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

Rs. Lakhs

	As at March 31 2023	**As at March 31 2022**
The principal amount due to Micro and Small Suppliers under this Act	1,167	554
Interest accrued and due to suppliers on the above amount	15	5
Interest paid to suppliers under this Act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	15	5
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Group.

3.12 Business Combination:

On 01st February, 2023, the Company acquired 8,57,65,631 equity shares representing 76%of equity share capital of DR Axion India Private Limited, at cost ₹ 375,00,00,000 (Rupees Three hundred and seventy five crores only).

Details of the purchase consideration and goodwill are as follows:

Rs. Lakhs

Particulars	**Amount**
Consideration transferred	37,500
Non-controlling interest in the acquired entity	5,842
Less : Net identifiable assets acquired *	(24,343)
Goodwill on consolidation	18,999

The goodwill is attributable to the expected synergies on the acquisition

* Net identifiable assets acquired comprise PPE – ₹29,061 Lakhs; Other non-current assets – ₹2,616 Lakhs; Current assets – ₹34,369 Lakhs; Non-current liabilities – ₹15,669 Lakhs and current liabilities – ₹26,034 Lakhs

Revenue and profit contribution for year ended March 31, 2023:

a.The acquired business contributed revenues of ₹ 19,642 lakhs and profit before tax of ₹ 1,234 lakhs between acquisition date and March 31, 2023.

b. If the acquisition had occurred on 1st April 2022, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2023 would have been ₹ 4,07,027 lakhs and ₹ 42,866 Lakhs, respectively.

3.13 Segment Reporting:

The Group has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI's circular CIR/CFD/FAC/62/2016 dated 05 July 2016. Accordingly, the Group has identified the reportable segments based on end consumption of the products sold or services rendered and is consistent with performance assessment and resource allocation by the management. Segment revenue comprises sales and operational income allocable specifically to a segment. Un-allocable expenditure mainly includes corporate expenses, finance cost and other expenses. Un-allocable income primarily includes other income. During the year, the Chief Operating Decision Maker ('CODM') of the holding Company has, based on the benefits of synergy and usage of similar resources, decided to carve out aluminium products from "Industrial & Engineering segment" and include with "Automotive - Aluminium Products segment" segments. Henceforth, the latter segment will be called as "Aluminium Products" segment. Comparable period figures have been reclassified accordingly.

Rs. Lakhs

Segment Revenue	**Year Ended March 31 2023**	**Year Ended March 31 2022**
Automotive - Powertrain & Others	1,52,709	1,15,435
Aluminium Products	93,461	55,201
Industrial & Engineering	72,090	51,066
Total revenue as per Statement of Profit and Loss	**3,18,260**	**2,21,702**

Rs. Lakhs

Segment Profit or Loss	Year Ended March 31 2023	Year Ended March 31 2022
Automotive - Powertrain & Others	38,204	30,374
Aluminium Products	7,732	4,097
Industrial & Engineering	6,722	3,780
Total Segments	**52,658**	**38,251**
Less: Unallocable Expenditure	(6,458)	(5,434)
Add: Other Income	1,302	778
Earnings Before Interest & Tax	**47,502**	**33,595**
Less: Finance Costs	(12,023)	(8,422)
Profit Before Tax	**35,479**	**25,173**

Rs. Lakhs

Segment Assets	As at March 31 2023	As at March 31 2022
Automotive - Powertrain & Others	1,29,532	1,12,333
Aluminium Products	1,44,972	79,250
Industrial & Engineering	71,542	58,408
Total Segments	**3,46,046**	**2,49,991**
Unallocable Assets	34,626	17,487
Total Assets as per Balance Sheet	**3,80,672**	**2,67,478**

Rs. Lakhs

Segment Liabilities	As at March 31 2023	As at March 31 2022
Automotive - Powertrain & Others	68,211	63,212
Aluminium Products	79,222	37,445
Industrial & Engineering	35,074	32,218
Total Segments	**1,82,507**	**1,32,875**
Unallocable Liabilities	54,375	21,029
Total Liabilities as per Balance Sheet	**2,36,882**	**1,53,904**

Other Disclosures as required under schedule III to the Companies Act, 2013

3.14 Ratio Analysis

Ratios	FY 22-23	FY 21-22	% Variance
(a)Current Ratio	1.20	1.03	16%
(b) Debt-Equity Ratio	0.80	0.63	28%
(c) Debt Service Coverage Ratio	1.49	1.70	-12%
(d) Return on Equity Ratio	20%	15%	28%
(e) Inventory turnover ratio	4.35	4.30	1%
(f) Trade Receivables turnover ratio	7.66	8.28	-8%
(g) Trade payables turnover ratio	3.81	3.53	8%
(h) Net capital turnover ratio **	6	6	15%
(i) Net profit ratio	7.9%	7.3%	8%
(j) Return on Capital employed	22%	20%	14%
(k) Return on investment #	NA	NA	NA

** Net working capital does not include short term borrowings of Rs. 24,655 lakhs (31 March 2022: 34,182 lakhs)

Investments are made only for production and product related. Hence ROI is not applicable

Ratios	Formula (Numerator/Denominator)	Remarks for 25% change
(a)Current Ratio	Current Assets / Current Liabilities	NA
(b) Debt-Equity Ratio	Total Debt/Shareholder's Equity	Increase in Debt
(c) Debt Service Coverage Ratio	Earnings available for debt service /Debt Service Debt service = Interest & Lease Payments + Principal Repayments	NA
(d) Return on Equity Ratio	Net Profits after taxes/Average Shareholder's Equity	Higher profits
(e) Inventory turnover ratio	Sales/ Average Inventory	NA
(f) Trade Receivables turnover ratio	Sales / Average Accounts Receivable	NA
(g) Trade payables turnover ratio	Purchases / Trade Payables	NA
(h) Net capital turnover ratio **	Net Sales/Working Capital	NA
(i) Net profit ratio	Net Profit/ Net Sales	NA
(j) Return on Capital employed	Earning before interest and taxes/Average Capital Employed Capital employed = Total Assets-Current Liabilites	NA
(k) Return on investment #		

3.15.a) No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder

3.15.b) The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority

3.15.c) As per the information available with the Group, there has been no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year (Previous Year – Nil)

3.15.d) There has been no charges or satisfaction yet to be registered with Registrart of Companies beyond the statutory period

3.15.e) During the year, the Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

1) 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)
2) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. 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) provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(Previous Year – Nil)

3.15.f) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023. (Previous Year – Nil).

3.16 Certain comparative figures have been reclassified to conform to the current year presentation. Current year amount include DR Axion India Private Limited, a subsidiary with effect from 01 February 2023 and hence are not comparable to the previous year numbers.

For SHARP & TANNAN Chartered Accountants Firm Registration No. 003792S		For and on behalf of the Board
V. Viswanathan Partner Membership No. 215565	R.Gauthamram Whole Time Director DIN : 06789004	S.Ravi Chairman and Managing Director DIN : 01257716
Place : Coimbatore Date : 08-May-2023	Shainshad Aduvanni Company Secretary M.No.A27895 Place : Coimbatore Date : 08-May-2023	C.B. Chandrasekar Chief Financial Officer

INDEPENDENT AUDITORS' REPORT
To the members of Craftsman Automation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Craftsman Automation Limited** (hereinafter referred to as the "Company" / "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income and Group's share of profit in joint venture), 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 (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us 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 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 and its joint venture as at 31 March 2024, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and 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 ("Standards" or "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence 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 we have obtained 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. 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 matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>S. No</th><th>Key audit matter description and principal audit procedures</th></tr>
<tr><td rowspan="2">1</td><td>Accounting for derivative contracts
Refer Notes D-d, 1.9, 1.17, 1.24, 1.29 and 3.6 in consolidated financial statements

A significant source of Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates.

The Company's cost of borrowings will be impacted by fluctuations in foreign exchange rates and movements in interest rates. The Company's mitigation plan for the risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy.

These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the management of the Company for which an expert is used.

As at 31 March 2024, the carrying value of the Company's derivatives included derivative assets amounting to Rs. 943 Lakhs and derivative liabilities of Rs. 259 Lakhs.

Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting & disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These class of transactions are material with respect to the financial statements.</td></tr>
<tr><td>Our procedures related to audit of accounting for derivative contracts include the following
• understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions;
• examining the derivative contracts;
• testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including:
  – understanding the risk management objectives and strategies for different types of hedge instruments;</td></tr>
</table>

S. No	Key audit matter description and principal audit procedures
	– evaluating that the relationship between the underlying liability and the hedge instrument; – using an expert for checking the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument; • evaluating competence and capabilities of the auditor's experts and ensuring independence; • involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges; • testing on sample basis the valuation of derivative instruments by management expert; • for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end; • checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.
2	**Accounting for Property, Plant and Equipment** Refer Notes D-a, D-b, E-a, 1.1, 1.2,1.3 and 2.6 in consolidated financial statements Property, plant and equipment including capital work in progress ('PPE') represents 49% of the Group's total assets. The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties). Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management. The Company carries out physical verification of PPE on an annual basis. The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit ('CGU') and estimating future cash flows arising of out of such CGUs. Due to the material value of PPE to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of these financial statements

S. No	Key audit matter description and principal audit procedures
	Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following: • evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over: – measurement of initial recognition costs including costs of self-constructed PPE; – valuation of PPE and review of useful lives including depreciation rates applied; – periodic physical verification of property, plant and equipment by the management; • testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards; • wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same; • reviewing the residual value of PPE considered by the management for consistency and appropriateness; • understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same; • checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any; • checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss; • physically inspecting a sample of assets at one of the main units of the Company during the year to ensure existence of PPE; • reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Board of Directors of the Holding Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report and Annexures to Board's Report including the report on Corporate Governance, but does not include the consolidated financial statements and our report 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 and, in doing so, 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. If, based on the work we have performed, 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 Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and the joint venture 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 and its joint venture 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 joint venture and for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 its joint venture is responsible for overseeing the financial reporting process of the Group and its joint venture.

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 over financial reporting 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 Holding Company have adequate internal financial controls over financial reporting system in place with reference to the financial statements 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 of the Holding Company;

- 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 joint venture 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 joint venture 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 joint venture 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 the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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 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

The consolidated financial statements include the financial statements of two subsidiaries whose financial information reflect total assets of Rs. 74,581 lakhs and net assets of Rs. 41,505 lakhs as at 31 March 2024, total revenues of Rs. 1,26,883 lakhs, net profit after tax of Rs. 13,906 lakhs, total comprehensive income of Rs. 13,847 lakhs for the year ended 31 March 2024 and net cash inflows amounting to Rs. 2,695 lakhs for the year ended on that date and the Group’s share of profit after tax of Rs. 85 lakhs and total comprehensive income of Rs. 86 lakhs for the year ended 31 March 2024 in respect of a joint venture. The financial statements of the two subsidiaries and a joint venture have not been audited by us. The financial statements of these subsidiaries and joint venture have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company 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 joint venture, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information, in so far as it relates to the aforesaid subsidiaries and joint venture entity, is based solely on the reports of such other auditors

Our opinion above on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

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 and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and 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 and read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditors of subsidiaries and joint venture companies incorporated in India, none of the directors of the Holding Company and the subsidiaries and joint venture companies incorporated in India is disqualified as on 31 March 2024 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 our report of the Holding Company and subsidiaries and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for those Companies;

(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 Holding Company 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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. the Group, as detailed in Note 3.8 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;

ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or subsidiaries and joint venture companies incorporated in India;

iv. (a) the respective managements of the Holding Company and subsidiaries and joint venture companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or subsidiaries and joint venture companies incorporated in India to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) the respective managements of the Holding Company and subsidiaries and joint venture companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or subsidiaries and joint venture companies incorporated in India from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, 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 performed by us on the Holding Company and subsidiaries and joint venture companies 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 amount of dividend is in accordance with Sec 123 of the Act.

(a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

(b) As stated in Note 1.20 to the consolidated financial statements, the Board of Directors of the Holding Company 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 dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks and that performed by the respective auditors of a subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, the Company, subsidiary and joint venture have used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiary and joint venture did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 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 31 March 2024.

(i) As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we report that there are no disqualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the subsidiaries and joint venture companies incorporated in India which are included in these Consolidated Financial Statements.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 24215565BKGRML3405

Place: Coimbatore
Date: 27 April 2024

Annexure A to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Craftsman Automation Limited of even date)

Independent Auditors' 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')

We have audited the internal financial controls over financial reporting of Craftsman Automation Limited ("the Holding Company") and its subsidiaries and joint venture companies, which are incorporated in India, as of 31 March 2024 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and subsidiaries and joint venture companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 Holding 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and subsidiaries and joint venture companies, which are incorporated in India, based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 consolidated 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 system over financial reporting of the Company and subsidiaries and joint venture companies, which are incorporated in India.

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 the consolidated 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 consolidated 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 consolidated 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 and to the best of our information and according to the explanations given to us, the Company and subsidiaries and joint venture companies, which are 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 of 31 March 2024, based on the internal control over financial reporting criteria established by the Holding Company 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to a subsidiary company and a joint venture, which are companies incorporated in India, is based solely on the corresponding reports furnished to us by the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of such other auditors.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 24215565BKGRML3405

Place: Coimbatore
Date: 27 April 2024

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Balance Sheet as at March 31, 2024

(Rupees in Lakhs)

ASSETS	Note No.	As at March 31, 2024	As at March 31, 2023
Non-current assets			
Property, Plant and Equipment	1.1	2,13,344	1,83,878
Capital Work in progress	1.2	17,861	9,663
Intangible assets	1.3	432	315
Right-of-use Asset	1.4	23,896	9,196
Goodwill on Consolidation	1.5	18,999	18,999
Investments accounted for using equity method	1.6	368	282
Financial assets			
Investments	1.7	79	61
Security Deposits	1.8	4,919	3,328
Other Financial assets	1.9	94	148
Current tax assets (Net)	1.10	828	21
Other non-current assets	1.11	11,456	5,991
		2,92,276	2,31,882
Current assets			
Inventories	1.12	1,04,082	83,601
Financial assets			
Trade receivables	1.13	57,663	53,529
Cash and cash equivalents	1.14	6,349	2,732
Other bank balances	1.15	1,953	2,002
Security Deposits	1.16	97	30
Other Financial assets	1.17	961	856
Other Current assets	1.18	7,193	6,040
		1,78,298	1,48,790
Total Assets		**4,70,574**	**3,80,672**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	1.19	1,056	1,056
Other Equity	1.20	1,64,742	1,36,634
Equity attributable to owners		1,65,798	1,37,690
Non-controlling interest	1.21	9,368	6,100
		1,75,166	1,43,790
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	1.22	1,12,484	90,617
Lease Liabilities	1.23	16,486	7,539
Other Non-Current Financial Liabilities	1.24	211	377
Deferred tax liabilities (Net)	1.25	13,148	14,112
		1,42,329	1,12,645
Current liabilities			
Financial Liabilities			
Borrowings	1.26	42,159	24,655
Lease Liabilities	1.27	4,353	1,212
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	1.28	1,178	1,167
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		78,886	69,995
Other current Financial Liabilities	1.29	14,595	12,264
Current tax liabilities (Net)	1.30	912	3,156
Other current liabilities	1.31	9,875	11,111
Provisions	1.32	1,121	677
		1,53,079	1,24,237
Total Equity and Liabilities		**4,70,574**	**3,80,672**

The accompanying notes form an integral part of the consolidated financial statements

This is the Balance Sheet referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 27-Apr-2024

Shainshad Aduvanni
Company Secretary
M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 27-Apr-2024

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Statement of Profit and loss for the year ended March 31, 2024

(Rupees in Lakhs)

Particulars	**Note No.**	**Year ended March 31, 2024**	**Year ended March 31, 2023**
INCOME			
Revenue From Operations	2.1	4,45,173	3,18,260
Other Income	2.2	1,724	1,254
Total Income (A)		**4,46,897**	**3,19,514**
EXPENSES			
Cost of materials consumed	2.3	2,52,153	1,69,964
Changes in inventories of finished goods and work-in-progress	2.4	(15,022)	(7,021)
Employee benefits expense	2.5	28,846	23,350
Depreciation, amortization and impairment expense	2.6	27,769	22,161
Other expenses	2.7	91,313	63,606
Finance costs	2.8	17,454	12,023
Total expenses (B)		**4,02,513**	**2,84,083**
Profit before share of profit from JV(C = A-B)		**44,384**	**35,431**
Share of profit from JV (D)		85	48
Profit before tax (E = D-C)		**44,469**	**35,479**
Tax expense:			
(1) Current Tax	3.1	11,702	12,259
(2) Deferred tax		(966)	(1,876)
		10,736	10,383
Profit for the year (F)		**33,733**	**25,096**
attributable to owners		*30,447*	*24,839*
attributable to non-controlling Interest		*3,286*	*257*
Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(316)	(13)
- Share of OCI of Joint Venture accounted for using equity method		1	(1)
(ii) Income tax relating to items that will not be reclassified to profit or loss		79	3
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		16	132
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		321	2
(ii) Income tax relating to items that will be reclassified to profit or loss		(81)	(53)
Other Comprehensive Income for the year, net of tax (G)		**20**	**70**
attributable to owners		*38*	*69*
attributable to non-controlling Interest		*(18)*	*1*
Total Comprehensive Income for the year (Comprising Profit for the year and Other Comprehensive Income for the year) (F+G)		**33,753**	**25,166**
attributable to owners		*30,485*	*24,908*
attributable to non-controlling Interest		*3,268*	*258*
Earnings per equity share Basic & Diluted (Face value of ₹. 5/-)	3.5	144.11	117.56

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Profit & Loss referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 27-Apr-2024

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 27-Apr-2024

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Cashflow Statement for the year ended March 31, 2024

(Rupees in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Cash flows from operating activities		
Profit before taxation ('PBT')	**44,469**	**35,479**
Adjustments to reconcile PBT to net cash flows:		
Depreciation, amortization and impairment expense	27,769	22,161
Gain on sale of assets	(107)	(41)
Exchange difference on transaction/translation (loss/(gain))	(1,042)	981
Share of Profit of Joint Venture	(85)	(48)
Provision for :		
Doubtful debts	(94)	5
Warranty & Rejection	88	71
Slow moving inventory	393	188
Interest income (including fair value changes in financial instruments)	(299)	(733)
Government grant income	(3,120)	(1,784)
Assets no longer receivable written off	-	73
Interest expense (including fair value changes in financial instruments)	17,349	10,623
Operating cash flow before changes in working capital	**85,321**	**66,975**
Adjustments for:		
Increase/ (Decrease) in provisions	8	33
Increase/ (Decrease) in other financial liabilities	(867)	889
Increase/ (Decrease) in other current liabilities	(1,251)	259
Increase/ (Decrease) in Trade Payables and other Payables	9,074	14,042
(Increase)/ Decrease in other financial assets	(1,661)	2,181
(Increase)/ Decrease in other current assets	(568)	195
(Increase)/ Decrease in trade and other receivables	(3,095)	(8,304)
(Increase)/ Decrease in inventories	(20,876)	(8,242)
Cash generated from operations	**66,085**	**68,028**
Income taxes paid	(14,754)	(7,262)
Net cash from operating activities - A	**51,331**	**60,766**
Cash flows from investing activities		
Purchase of property, plant and equipment	(62,905)	(34,467)
Purchase of Intangible Assets	(195)	(58)
Proceeds from sale of equipment	292	565
Consideration paid towards business combination	-	(37,500)
(Purchase)/ Sale of Equity Shares	(18)	16
Interest received	233	653
Net cash used in investing activities - B	**(62,593)**	**(70,791)**
Cash flows from financing activities		
Proceeds from long-term borrowings	47,716	57,631
Repayment of long term borrowings	(23,296)	(25,654)
Net proceeds from / (repayments of) short-term borrowings	14,955	(11,560)
Principal payments towards lease liability	(4,995)	(2,053)
Interest paid (incl. interest on lease liability)	(17,180)	(10,267)
Dividend Paid	(2,377)	(793)
Net cash from/ (used in) financing activities- C	**14,823**	**7,304**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	3,561	(2,721)
Cash and cash equivalents at beginning of year	2,732	2,943
Cash and cash equivalents acquired through business combination	-	2,470
Effect of exchange rate changes on cash and cash equivalents	56	40
Cash and cash equivalents at end of year	**6,349**	**2,732**

Notes:

1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement

Cash & cash equivalents consists of:	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents (note : 1.14)	**6,349**	**2,732**
Total	**6,349**	**2,732**

2. Refer to note: 1.22 for Net Debt Reconciliation

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Cash Flows referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 27-Apr-2024

Shainshad Aduvanni
Company Secretary

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 27-Apr-2024

Craftsman Automation Limited
CIN - L28991TZ1986PLC001816
Consolidated Statement of Changes in Equity

(Rupees in Lakhs)

a. Equity Share Capital	Balance as at April 1,2023	Changes in equity share capital during the year	Balance as at March 31, 2024
	1,056	0	1,056

b. Other Equity	Reserves and Surplus			Other Reserves				Non-controlling Interest	Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Share in Networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve		
Balance as at April 1,2022	**28,123**	**9,662**	**75,136**	**175**	**(321)**	**(442)**	**185**	**-**	**1,12,518**
Profit for the year	-	-	24,791	48	-	-		257	25,096
Other Comprehensive Income	-	-	-	(1)	-	(51)	132	1	81
- Defined Benefit Plan	-	-	(10)		-	-			(10)
Total Comprehensive Income for the year	**-**	**-**	**24,781**	**47**	**-**	**(51)**	**132**	**258**	**25,167**
On Business Combination								5,842	5,842
Dividends	-	-	(793)		-	-			(793)
Balance as at March 31,2023	**28,123**	**9,662**	**99,124**	**222**	**(321)**	**(493)**	**317**	**6,100**	**1,42,734**
Profit for the year	-	-	30,362	85	-	-		**3,286**	33,733
Other Comprehensive Income	-	-	-	1	-	240	16	(18)	239
- Defined Benefit Plan	-	-	(219)		-	-			(219)
Total Comprehensive Income for the period	**-**	**-**	**30,143**	**86**	**-**	**240**	**16**	**3,268**	**33,753**
Dividends	-	-	(2,377)		-	-			(2,377)
Balance as at March 31,2024	**28,123**	**9,662**	**1,26,890**	**308**	**(321)**	**(253)**	**333**	**9,368**	**1,74,110**

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Changes in Equity referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

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Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 27-Apr-2024

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 27-Apr-2024

Notes annexed to and forming part of Consolidated Financial Statements:

A. CORPORATE INFORMATION

The Consolidated Financial Statements comprise of financial statements of Craftsman Automation Limited ('the Company or 'the holding Company') and its subsidiaries (collectively "the Group") and its joint venture for the year ended 31st March 2024. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The Company became a public limited Company from 4th May 2018. The Company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries.

B. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified under the Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015. The presentation of the financial statements is based on the requirement of the Companies Act,2013.

C. BASIS OF PREPARATION

The items included in Consolidated Financial Statements of each of the entities consolidated are measured using the currency of the primary economic environment ('functional currency') in which each of the entities operates. The consolidated financial statements are presented in Indian Rupees ('INR') which is the functional and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated. In the Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Derivative financial instruments
ii) Certain financial assets and liability measured at fair value (refer note. 3.6)
iii) Defined Benefit Obligation.

D. MATERIAL ACCOUNTING POLICIES

S.No	MATERIAL ACCOUNTING POLICIES	D.	Reference in Balance sheet & Profit and Loss Notes
1	Property Plant and Equipment	a.	1.1
2	Inventory	b.	1.12
3	Impairment of assets	c.	1.1, 1.2,1.3,1.6 & 2.6
4	Revenue recognition	d.	2.1
5	Financial Instruments	e.	1.9,1.17,1.24,1.29,3.6
6	Segment reporting	f.	3.13

a. Property Plant and Equipment

All property, plant and equipment except land is recognised at historical cost less depreciation. Freehold land is carried at historical cost.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Internal margins are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset are not included in the cost of the asset. Borrowing Costs are recognized as a component of the carrying amount of a self-constructed item of PPE if its meets the recognition criteria under Ind AS.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	8 to 20 Years
Used Plant and Machinery	8 to 10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

b. INVENTORY

The cost of inventory items is determined by using weighted average cost formula.

Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the Group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is two to three years. Tools which are not refurbishable are charged off to Statement of Profit and Loss upon issue for usage. The “tools in use” are carried at cost less accumulated amortization.

The Group regularly assesses whether there is any indication of a diminution in the value of inventories. Such indications may include, but are not limited to, evidence of obsolescence, damage, changes in market conditions, or significant declines in selling prices. This policy applies to all inventories held by the company, including raw materials, work in progress, and finished goods. If there is objective evidence of a diminution in the value of inventories, the carrying amount of the inventories is reduced to their net realizable value.

c. IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group determines whether there is any indication that its assets (PPE, intangible assets and investments in equity instruments subsidiaries and joint ventures carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

d. REVENUE RECOGNITION

Sale of Goods & Rendering of Services

Revenue is recognised when a performance obligation in a customer contract has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed as at the reporting date.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

e. FINANCIAL INSTRUMENTS

Group Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit or Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6b sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss, and is included in the "Other Income".

Amounts previously recognised in Other Comprehensive Income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of Profit or Loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit or Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit or Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

f. SEGMENT REPORTING

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- Powertrain : This segment develops, manufactures, sells its goods and services of powertrain and related products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining equipment.

- Aluminium Products : This segment develops, manufactures, sells its and goods and services consisting of aluminium products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles and products for power transmission and other industrial usage.

- Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

E OTHER ACCOUNTING POLICIES

a. Property Plant and Equipment:

Recognition and Measurement

All Property Plant & Equipment (PPE) are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of Profit or Loss

b. INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2 years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit or Loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Development Expenditure recognized as intangible assets are amortized over a period of 3 years.

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

c. 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.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a Lessor:
Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

d. INVENTORY

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at-cost or Net Realizable Value whichever is lower. Cost includes direct materials, labour and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realizable value in the last two months.

The Group selects a reasonable basis for allocating overhead costs to inventory items. Common allocation bases include direct labor hours, machine hours, or direct material costs. Overheads refer to indirect costs incurred in the production process that cannot be directly traced to specific inventory items. These costs include, but are not limited to, factory overheads, utilities, depreciation of production equipment, and indirect labor costs. Overhead costs are allocated to inventory items using the above mentioned allocation basis.

e. FINANCIAL INSTRUMENTS:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

   Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of Subsidiaries and joint ventures) are subsequently measured at fair value.

   Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through Other Comprehensive Income. Fair value of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of Group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and net off bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are initially recognised at transaction value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

f. PROVISIONS

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is
(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
(b) a present obligation that arises from past events but is not recognised because:
- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

<u>Provision for Warranty</u>

Provisions for expected cost of warranty obligations are recognized based on management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

<u>Provision for Rejection</u>

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions as at the reporting date represent the value of management's best estimate of possible rejections within the next one quarter.

g. REVENUE RECOGNITION:

Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

h. GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

i. EMPLOYEE BENEFITS

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

Employee State Insurance (ESI)

Payments to defined contribution plans i.e., Group's contribution to employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

Defined benefit plans

Gratuity

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

j. FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and Loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note D.d for hedging accounting policies).

k. FOREIGN OPERATIONS

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of Craftsman Europe BV is EURO.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

L. INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

F Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i. **Useful life of Property, Plant and Equipment and Intangible assets**
The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangible assets the useful life is determined based on the period over which future economic benefit will flow to the Group.

ii. **Tools in use**
The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii. **Income Tax & Deferred Tax**
The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.
The Group estimates the possible utilisation of unabsorbed losses while recognising deferred tax asset considering the future business plans and economic environment.

iv. **Fair Value**
Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statements of Profit & Loss. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

v. **Measurement of defined benefit obligations**
Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

vi. **Measurement and likelihood of occurrence of provisions and contingencies**
The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

G PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries and joint venture. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-Group balances and intra-Group transactions and resulting unrealised profits, unrealised losses from intra-Group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's Standalone Financial Statements.

Craftsman Automation Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2024
1.1 PROPERTY, PLANT & EQUIPMENT **(Rupees in Lakhs)**

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 1, 2022	**8,451**	**22,395**	**2,09,333**	**2,065**	**518**	**154**	**2,42,916**
Acquired in business combination	**615**	**7,018**	**21,266**	**108**	**32**	**21**	29,060
Additions	407	2,043	27,002	505	25	57	30,039
Disposals	-	-	1,398	463	-	45	1,906
Translation reserve	-	-	1	(1)	-	-	-
At March 31, 2023	**9,473**	**31,456**	**2,56,204**	**2,214**	**575**	**187**	**3,00,109**
Additions	2,123	7,289	43,800	1,586	40	25	54,863
Disposals	-	159	2,252	-	-	-	2,411
Translation reserve	-	-	-	-	-	-	-
At March 31, 2024	**11,596**	**38,586**	**2,97,752**	**3,800**	**615**	**212**	**3,52,561**
Depreciation							
At April 1, 2022	**-**	**5,330**	**90,313**	**1,571**	**267**	**63**	**97,544**
Additions	-	859	18,935	216	45	13	20,068
Disposals	-	-	875	463	-	43	1,381
Translation reserve	-	-	1	(1)	-	-	-
At March 31, 2023	**-**	**6,189**	**1,08,374**	**1,323**	**312**	**33**	**1,16,231**
Additions	-	1,258	23,559	326	44	25	25,212
Disposals	-	159	2,067	-	-	-	2,226
Translation reserve	-	-	-	-	-	-	-
At March 31, 2024	**-**	**7,288**	**1,29,866**	**1,649**	**356**	**58**	**1,39,217**
At April 1, 2022	8,451	17,065	1,19,020	494	251	91	1,45,372
At March 31, 2023	9,473	25,267	1,47,830	891	263	154	1,83,878
At March 31, 2024	**11,596**	**31,298**	**1,67,886**	**2,151**	**259**	**154**	**2,13,344**

* Includes Written Down Value of improvements on leasehold buildings worth Rs. 737 lakhs as on 31.03.2024 (WDV of Rs. 499 lakhs as on 31.03.2023)

1.3 OTHER INTANGIBLE ASSETS **(Rupees in Lakhs)**

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 1, 2022	**2,129**	**636**	**430**	**3,195**
Acquired in business combination	**2**	**-**	**-**	2
Additions	58	-	-	58
Disposals	5	-	-	5
Translation reserve	-	-	-	-
At March 31, 2023	**2,184**	**636**	**430**	**3,250**
Additions	197	-	-	197
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2024	**2,381**	**636**	**430**	**3,447**
Depreciation				
At April 1, 2022	**1,705**	**636**	**430**	**2,771**
Additions	169	-	-	169
Disposals	5	-	-	5
Translation reserve	-	-	-	-
At March 31, 2023	**1,869**	**636**	**430**	**2,935**
Additions	80	-	-	80
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31, 2024	**1,949**	**636**	**430**	**3,015**
At April 1, 2022	424	-	-	424
At March 31, 2023	315	-	-	315
At March 31, 2024	**432**	**-**	**-**	**432**

1.2 CAPITAL WORK IN PROGRESS **(Rupees in Lakhs)**

TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
4,198	**-**	**4,198**
1,985	**-**	
9,637	-	9,637
6,146	-	6,146
-	-	-
9,674	**-**	**9,674**
16,452	-	16,452
8,210	-	8,210
-	-	
17,916	**-**	**17,916**
Impairment of CWIP		
-	-	**-**
120	-	120
109	-	109
-	-	
11	**-**	**11**
44	-	44
-	-	-
-	-	
55	-	**55**
4,198	-	4,198
9,663	-	9,663
17,861	**-**	**17,861**

Note:
1. Additions to PPE & CWIP include exchange loss aggregating to Rs.NIL for the year 2023-24 (exchange loss of Rs.39 lakhs for the year 2022-23) capitalised under Plant & Machinery
2. Refer Note no. 3.9 for details of charge on PPE of the Company

(a) CWIP ageing schedule

As on 31-Mar-2024

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	16,452	1,409	-	-	17,861
Projects temporarily suspended	-	-	-	-	-
	16,452	**1,409**	**-**	**-**	**17,861**

As on 31-Mar-2023

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	9,606	57	-	-	9,663
Projects temporarily suspended	-	-	-	-	-
	9,606	**57**	**-**	**-**	**9,663**

(b) For CWIP whose completion is overdue or has exceeded its cost compared to its original plan

As on 31-Mar-2024 **NIL**

As on 31-Mar-2023

Particulars	To be completed in				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Various machines	57	-	-	-	57
	57	**-**	**-**	**-**	**57**

NOTE No. 1.4
RIGHT-OF-USE ASSETS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening	9,196	8,707
Additions	17,088	2,293
Amortisation expense	(2,382)	(1,804)
Deletions	(6)	-
Closing	**23,896**	9,196

Refer note: E.c & 3.10a for detailed disclosures

NOTE No. 1.5
GOODWILL ON CONSOLIDATION

(Rupees in Lakhs)

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Goodwill	18,999	18,999
	18,999	**18,999**

Refer Note: 3.12

NOTE No. 1.6
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(Rupees in Lakhs)

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Investment in Equity Shares of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd (30% stake)		
600,000 equity shares of Rs.10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	222	175
Share of current year profits in Joint Venture	86	47
	368	**282**

FINANCIAL ASSETS
NOTE No. 1.7
NON CURRENT INVESTMENTS

(Rupees in Lakhs)

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Investment in Equity instruments (at Fair Value through OCI)		
Unquoted		
iEnergy Wind Farm (Theni) Private Ltd 5,975 equity shares of Rs.10 each fully paid up	**1**	**1**
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	**5**	**5**
Hurricane Windfarms Pvt Limited (26% stake)* 39,000 equity shares of Rs.10 each fully paid up	**4**	**4**
Sulur Maharaja Solar Green Project Private Limited 218,700 equity shares of Rs. 10 each fully paid up	**22**	**-**
Kamachi Industries Ltd (298800 Equity Shares of Rs.10 each fully paid-up)	**30**	**30**
NSL Wind Power Company(Phoolwadi)Pvt Ltd (1,68,905(2,06,905) Equity Shares of Rs.10 each fully paid-up)	**17**	**21**
Total	**79**	**61**

*Note: The Company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the Company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments including deemed equity	**79**	**61**
Aggregate amount of impairment in value of investments	-	-

NOTE No. 1.8
SECURITY DEPOSITS

Particulars	As at March 31, 2024	As at March 31, 2023
Rent Deposit	1,791	1,467
Other Deposits	3,128	1,861
Total	**4,919**	**3,328**

NOTE No. 1.9
OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Currency swap & Interest Rate Swap Derivative	84	138
Fixed Deposit*	10	10
	94	**148**

NOTE No. 1.10
CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance payment of income tax less provisions	**828**	**21**

NOTE No. 1.11
OTHER NON CURRENT ASSETS
Unsecured, considered good unless otherwise stated

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Advances	11,484	6,019
Less: Provision for doubtful advances	(28)	(28)
Total	**11,456**	**5,991**

NOTE No. 1.12
INVENTORIES

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Materials and Components	40,790	41,809
Work-in-progress	30,980	17,299
Finished goods	3,523	3,251
Consumable Stores	5,600	4,641
Tools in use	3,689	3,512
Machinery Spares	18,003	11,255
Packing Materials	714	599
Stock in transit	783	1,235
Total	**1,04,082**	**83,601**

NOTE No. 1.13
TRADE RECEIVABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - Secured	-	-
Considered good - Unsecured	57,663	53,529
Significant increase in Credit Risk	606	700
Credit impaired	40	40
Less: Expected Credit Loss allowance	(646)	(740)
Total	**57,663**	**53,529**

Receivables from related parties - refer note 3.7

Movement in Expected Credit Loss allowance is as follows :

	Opening	Allowance made during the year	write off during the year	Closing
2023-24	740	(94)	-	646
2022-23	734	79	(73)	740

Particulars	Ageing as on 31-Mar-2024					
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	Grand Total
Undisputed						
(i) Considered good	55,042	2,277	346	-	-	**57,665**
(ii) significant increase in credit risk	-	-	339	132	121	**592**
(ii) Credit impaired	-	-	-	-	-	**-**
Disputed						
(iv)Considered good	-	-	-	-	-	**-**
(v)significant increase in credit risk	-	-	-	-	12	**12**
(vi)Credit impaired	-	-	-	-	40	**40**
Gross Total						**58,309**
Less: Expected Credit Loss						(646)
Total						**57,663**

Particulars	Ageing as on 31-Mar-2023					
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	Grand Total
Undisputed						
(i) Considered good	52,163	1,156	210	-	-	**53,529**
(ii) significant increase in credit risk	-	-	452	69	167	**688**
(ii) Credit impaired	-	-	-	-	-	**-**
Disputed						
(iv)Considered good	-	-	-	-	-	**-**
(v)significant increase in credit risk	-	-	8	4	-	**12**
(vi)Credit impaired	-	-	-	-	40	**40**
Gross Total						**54,269**
Less: Expected Credit Loss						(740)
Total						**53,529**

NOTE No. 1.14
CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
a. Balances with banks	6,345	2,730
b. Cash on hand	4	2
Total	**6,349**	**2,732**

NOTE No. 1.15
OTHER BANK BALANCES

Particulars	As at March 31, 2024	As at March 31, 2023
Margin money deposits against Letter of Credit & Guarantee	1,887	2,001
Other Deposits	66	1
Total	**1,953**	**2,002**

NOTE No. 1.16
SECURITY DEPOSIT-CURRENT

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits	**97**	**30**

NOTE No. 1.17
OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Currency swap, Interest Rate Swaps ('IRS') & Forward cover derivative	859	798
Interest receivable	98	58
Other receivable	4	
Total	**961**	**856**

NOTE No. 1.18
OTHER CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	1,770	1,027
Advance to Suppliers (Other than Capital Goods)	3,782	3,698
Prepaid Expenses	1,214	1,078
Advance to Employees	150	66
Contract assets - Unbilled Revenue	143	127
Others	134	44
Total	**7,193**	**6,040**

NOTE No. 1.19
EQUITY SHARE CAPITAL

Particulars	As at March 31, 2024 Nos.	As at March 31, 2024 Amount	As at March 31, 2023 Nos.	As at March 31, 2023 Amount
Authorised				
Equity Shares of Rs.5 each	4,00,00,000	2,000	4,00,00,000	2,000
Issued, called, subscribed & Paid Up				
Equity Shares of Rs.5 each	2,11,28,311	1,056	2,11,28,311	1,056
Total	**2,11,28,311**	**1,056**	**2,11,28,311**	**1,056**

(a) The movement of equity shares is as below

Particulars	2023-24 Nos.	2023-24 Amount	2022-23 Nos.	2022-23 Amount
Shares outstanding at the beginning of the year	**2,11,28,311**	**1,056**	2,11,28,311	1,056
Additions due to issue of shares	-	-	-	-
Shares outstanding at the end of the year	**2,11,28,311**	**1,056**	2,11,28,311	1,056

(b) Rights, Preferences and Restrictions to equity shares

The Company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the shareholders will be entitled to receive the remaining assets of the Company, in proportion to their shareholding.

(c)Details of equity shareholders holding more than 5% shares in the Company

Name of the equity shareholder	As at March 31, 2024 No. of Shares	As at March 31, 2024 % of Holding	As at March 31, 2023 No. of Shares	As at March 31, 2023 % of Holding
S Ravi	**1,05,00,000**	**49.70%**	1,05,00,000	49.70%
S Murali	**11,17,413**	**5.29%**	19,17,413	9.08%
Total	**1,16,17,413**	**54.99%**	1,24,17,413	58.78%

Details of Promoter's shareholding in the Company

Name of the Promoter	As at March 31, 2024 No. of Shares held	As at March 31, 2024 % of Holding	As at March 31, 2024 % Change	As at March 31, 2023 No. of Shares held	As at March 31, 2023 % of Holding	As at March 31, 2023 % Change
Promoter						
S Ravi	**1,05,00,000**	**50%**	**0%**	1,05,00,000	50%	0%
Promoter Group						
Murali S	**11,17,413**	**5%**	**-4%**	19,17,413	9%	-1%
Chithra Ravi	**200**	**0%**	**0%**	200	0%	0%
Gautham Ram R	**200**	**0%**	**0%**	200	0%	0%
Mirthula R	**200**	**0%**	**0%**	200	0%	0%
Total	**1,16,18,013**	**55%**	**-4%**	**1,24,18,013**	**59%**	**-1%**

(e) For the period of five years immediately preceding the balance sheet date

(i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The Company has not allotted any shares pursuant to contracts without payment being received in cash

(ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

The Company has not allotted any shares as fully paid up by way of bonus shares

(iii) Details of number and class of shares bought back:

- The Company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

(iv) Sub-division of shares:

The shareholders of the Company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of Rs.100/- each into equity shares having a face value of Rs.5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value Rs.5/- each from that date.

(v) Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on 25 March 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of Rs.5 each at an offer price of Rs. 1,490 per share.

NOTE No. 1.20
OTHER EQUITY

Particulars		As at March 31, 2024	As at March 31, 2023
Reserves & Surplus			
Securities Premium	(i)	28,123	28,123
General Reserves	(ii)	9,662	9,662
Retained Earnings	(iii)	1,26,890	99,124
Total Reserves & Surplus		1,64,675	1,36,909
Cash Flow Hedging Reserve	(iv)	(253)	(493)
Equity instruments through Other Comprehensive Income	(v)	(321)	(321)
Foreign currency translation reserve		333	317
Share of Networth in JV		308	222
Total		**1,64,742**	**1,36,634**

Additions and Deductions since the last balance sheet date:
(i) Securities Premium Account

	As at March 31, 2024	As at March 31, 2023
Opening balance	28,123	28,123
Premium on fresh issue of shares	-	-
Issue expenses adjusted	-	-
Closing balance	**28,123**	**28,123**

(ii) Retained Earnings

	As at March 31, 2024	As at March 31, 2023
Opening balance	99,124	75,136
Profit for the year	30,362	24,791
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(219)	(10)
Dividend (including dividend distribution tax)	(2,377)	(793)
Closing balance	**1,26,890**	**99,124**

(iii) Cash Flow Hedging Reserve

	As at March 31, 2024	As at March 31, 2023
Opening balance	(493)	(442)
Changes in fair value of hedging instruments	321	2
Deferred Tax	(81)	(53)
Closing Balance	**(253)**	**(493)**

(iv) Equity instruments through Other Comprehensive Income

	As at March 31, 2024	As at March 31, 2023
Opening balance	(321)	(321)
Changes in fair value of FVOCI equity instruments	-	-
Closing Balance	**(321)**	**(321)**

(v) Foreign currency translation reserve

	As at March 31, 2024	As at March 31, 2023
Opening balance	317	185
Exchange differences in translating the financial statements of foreign operations	16	132
Closing Balance	**333**	**317**

(vi) Share of Networth in JV

	As at March 31, 2024	As at March 31, 2023
Opening balance	222	175
Share of current year profits in Joint Venture	85	48
Share of Other Comprehensive Income in Joint Venture	**1**	**(1)**
Closing Balance	**308**	**222**

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.

C. Retained Earnings includes Rs 5,542 lacs of revaluation reserve created due to Land revaluation on transition to Ind AS (01.04.2015), which will not be available for distribution of profits

D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2024, the Board of Directors has proposed a final dividend of Rs.11.25 per share of face value Rs.5 each to be paid on fully paid equity shares. This dividend is subject to approval by shareholders at the forth coming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all holders of fully paid equity shares. The total estimated dividend to be paid is Rs. 2377 lakhs.

NOTE No. 1.21
NON-CONTROLLING INTEREST

Particulars	As at March 31, 2024	As at March 31, 2023
Opening	6,100	-
On business combination		5,842
Profit attributable to non-controlling Interest for the year	3,286	257
Other comprehensive income attributable to non-controlling interest for the year	(18)	1
	9,368	**6,100**

NOTE No. 1.22
LONG TERM BORROWINGS

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non-Current	Current *	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans	69,923	8,997	41,241	6,728
Foreign Currency Term Loans	8,725	4,663	13,194	4,588
	78,648	**13,660**	**54,435**	**11,316**
From NBFC				
Rupee Term Loans	33,836	478	36,182	290
Total	**1,12,484**	**14,138**	**90,617**	**11,606**

Notes:
1. The above long term borrowings are carried at amortised cost.

	31-Mar-24	31-Mar-23
Loans at amortised cost as at the end of the year (Current + Non-Current)	1,26,622	1,02,223
Add : Unamortised upfront fee paid as at the end of year	134	207
Gross loan outstanding as at the end of the year	**1,26,756**	**1,02,430**

2. Refer note no 3.9 for security and terms of borrowings.
* Taken to short term borrowings (Note 1.26)

Net Debt Reconciliation:
For the year ended 31 March 2024

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 23	2,732	561	(13,097)	(1,02,929)	(8,751)	(1,21,484)
Acquisition of RoU asset	-	-	-	-	(17,088)	(17,088)
Pre-closure of leases	-	-	-	-	6	6
Cash Flows	3,561	-	(14,955)	(24,420)	4,995	(30,819)
Fair Value changes	-	123	-	-	-	123
Foreign exchange adjustments	56	-	(18)	103	-	141
Interest expense & other charges	-	-	(5,338)	(10,066)	(1,283)	(16,687)
Interest & charges paid	-	-	5,329	10,014	1,283	16,626
Balance as at 31 March 24	**6,349**	**684**	**(28,079)**	**(1,27,298)**	**(20,838)**	**(1,69,182)**

For the year ended 31 March 2023

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 22	2,943	317	(19,339)	(52,700)	(8,395)	(77,174)
Acquisition of RoU asset	-	-	-	-	(2,293)	(2,293)
Pre-closure of leases	-	-	-	-	(0)	(0)
Cash Flows	(2,721)	-	10,269	(30,674)	2,054	(21,072)
Fair Value changes	-	244	-	-	-	244
Foreign exchange adjustments	40	-	(668)	(1,012)	-	(1,640)
Acquired in business combination	2,470		(3,327)	(18,202)	(117)	(19,176)
Interest expense & other charges	-	-	(3,341)	(5,764)	(850)	(9,955)
Interest & charges paid	-	-	3,309	5,423	850	9,582
Balance as at 31 March 23	**2,732**	**561**	**(13,097)**	**(1,02,929)**	**(8,751)**	**(1,21,484)**

*Includes the portion of "interest accrued but not due" pertaining to borrowings.

** does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

NOTE No. 1.23
LEASE LIABILITIES - NON-CURRENT

Particulars	As at March 31, 2024	As at March 31, 2023
Lease Liabilities - Non-current	16,486	7,539
Total	**16,486**	**7,539**

Refer Note No E.c & 3.10

NOTE No. 1.24
NON-CURRENT FINANCIAL LIABILITIES- OTHERS

Particulars	As at March 31, 2024	As at March 31, 2023
Currency swap & Interest Rate Swap Derivative	209	375
Rent Advance	2	2
Total	**211**	**377**

Notes:
1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. Interest Rate Swap & Interest Rate Collar derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued

NOTE No. 1.25
DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Liabilities	14,755	15,551
Deferred Tax Assets	(1,607)	(1,439)
Total	**13,148**	**14,112**

Note : Refer Note No 3.3 for detailed deferred tax working and effective tax rate reconciliation

NOTE No. 1.26
SHORT TERM BORROWINGS

Particulars		As at March 31, 2024	As at March 31, 2023
Secured			
Loans repayable on demand from banks			
Rupee Loans		27,187	6,404
Foreign Currency Loans		834	1,644
	Sub-total (A)	**28,021**	**8,048**
Unsecured			
Rupee Loans		-	5,000
	Sub-total (B)	**-**	**5,000**
Current maturities of long-term debt **(C)**		**14,138**	**11,607**
Total	**(A + B + C)**	**42,159**	**24,655**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the Company.
b. second pari passu charge on fixed assets of the Company.

NOTE No. 1.27
LEASE LIABILITIES - CURRENT

Particulars	As at March 31, 2024	As at March 31, 2023
Lease Liabilities - Current	4,353	1,212
Total	**4,353**	**1,212**

NOTE No. 1.28
TRADE PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Due to Micro and Small Enterprises-(MSE)	1,178	1,167
Sub-total (A)	**1,178**	**1,167**
Due to Other Suppliers	76,744	68,101
Accrued Expenses	2,142	1,894
Sub-total (B)	**78,886**	**69,995**
Total	**80,064**	**71,162**

Payables to related parties - refer note 3.7

Particulars	Ageing as on 31.03.24				
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	Grand Total
(i) MSE	1,178	-	-	-	1,178
(ii) Others	76,348	259	113	24	76,744
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
Gross Total					**77,922**
Accrued Expenses					2,142
Total					**80,064**

Particulars	Ageing as on 31.03.23				
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	Grand Total
(i) MSE	1,167	-	-	-	1,167
(ii) Others	67,826	178	97	-	68,101
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
Gross Total					**69,268**
Accrued Expenses					1,894
Total					**71,162**

NOTE No. 1.29
OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on borrowings	733	756
Currency swap , Interest Rate Swap & Forward cover derivative	50	-
Creditors for capital goods and services	9,463	6,284
Employee related liabilities	2,781	2,257
Dues to directors	8	3
Others	1,560	2,964
Total	**14,595**	**12,264**

NOTE No. 1.30
CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax provisions less advance payment	**912**	**3,156**

NOTE No. 1.31
OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Advance from customers	6,433	8,042
Statutory Dues	3,442	3,069
Total	**9,875**	**11,111**

NOTE No. 1.32
SHORT TERM PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Gratuity	631	267
Other Provisions		
Provision for Warranty Cost	294	214
Provision for Rejection	196	196
Total	**1,121**	**677**

Note:
Movement in Provision for product warranties is as follows :

	Opening	Expired during the year	Warranty provided for current year	Closing
2023-24	214	214	294	294
2022-23	158	158	214	214

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

Movement in Provision for Rejection is as follows :

	Opening	Expired during the year	Rejection provided for current year	Closing
2023-24	196	196	196	196
2022-23	110	110	196	196

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed or replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

NOTE No. 2.1
REVENUE FROM OPERATIONS

Particulars		March 31, 2024	March 31, 2023
Sale of products;			
Domestic Sales		3,27,570	2,06,421
Export Sales		19,786	20,487
	A.	**3,47,356**	**2,26,908**
Sale of services;			
Machining Charges		67,632	63,678
Service Charges		593	1,166
	B.	**68,225**	**64,844**
Other operating revenues;			
Sale of swarf & others		26,472	24,725
Duty Drawback		333	350
EPCG income on fulfilling obligation		2,540	1,270
Export Incentive under RoDTEP		247	163
	C.	**29,592**	**26,508**
Revenue from operations (A+B+C)		**4,45,173**	**3,18,260**

Refer Note no: 3.13 "Segment Reporting" for breakup of revenue from operations.

NOTE No. 2.2
OTHER INCOME

Particulars	March 31, 2024	March 31, 2023
Interest Income from deposits measured at amortised cost	234	653
Interest Income due to unwinding of fair valued assets		
-Rent Advance	66	80
Net gain on sale of assets	107	41
Rental income	30	31
Exchange rate Gain/(Loss) on Transaction & Translation	1,155	417
Others	132	32
Total	**1,724**	**1,254**

NOTE No. 2.3
COST OF MATERIALS CONSUMED

Particulars	March 31, 2024	March 31, 2023
Cost of goods sold	2,48,640	1,67,235
Carriage inward	2,185	1,340
Sub Contract Charges	1,328	1,389
Total	**2,52,153**	**1,69,964**

NOTE No. 2.4
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	March 31, 2024	March 31, 2023
Inventory at the end of the year		
Work in Progress	30,980	17,299
Finished Goods	4,592	3,251
Sub total	**35,572**	**20,550**
Inventory at the beginning of the year		
Work in Progress	17,299	10,758
Finished Goods	3,251	2,771
Sub total	**20,550**	**13,529**
(Increase) / decrease in inventory	**(15,022)**	**(7,021)**

NOTE No. 2.5
EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2024	March 31, 2023
Salaries and wages	22,226	18,040
Contributions to Provident Fund & Employee State Insurance	724	538
Contribution to Gratuity fund	313	241
Managerial Remuneration	1,506	1,831
Staff welfare expenses	4,077	2,700
Total	**28,846**	**23,350**

NOTE No. 2.6
DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

Particulars	March 31, 2024	March 31, 2023
Depreciation on Property, Plant & Equipment	24,984	20,068
Amortization of Intangible Assets	80	169
Amortization- Right-of-use Asset	2,382	1,804
Write off	279	109
Impairment expense / (reversal) of Capital Work in Progress	44	11
Total	**27,769**	**22,161**

NOTE No. 2.7
OTHER EXPENSES

Particulars		March 31, 2024	March 31, 2023
Manufacturing Expenses			
Stores, Spares & tool consumed		22,916	18,144
Power & Fuel		26,251	16,606
Repairs & Maintenance			
- Machinery		10,968	7,657
- Building		1,041	751
- Others		3,045	1,864
Payment to contractors		9,271	5,287
Other manufacturing expenses		943	705
	A.	**74,435**	**51,014**
Administrative Expenses			
Professional and Consultancy charges		1,975	1,108
Insurance Charges		498	467
Rates & Taxes		217	161
Software Licenses		720	574
General Administrative Expenses		1,094	839
Printing & Stationary		258	188
Postage & Telegrams		70	61
Rent		268	176
Telephone Expenses		178	161
Travelling Expenses		1,443	1,020
Directors' Sitting Fees		28	25
Remuneration to auditors		106	74
Corporate Social Responsibility Expenses		576	315
Amounts written off			
Bad debts		-	73
Provisions for the year			
Warranty		83	52
Rejections		(1)	18
Doubtful debts		(94)	5
	B.	**7,419**	**5,317**
Selling expenses			
Packing material consumed		4,159	2,691
Carriage Outward		4,834	4,071
Sales Promotion Expenses		466	513
	C.	**9,459**	**7,275**
Total (A+B+C)		**91,313**	**63,606**

Payment to Auditors

Particulars	March 31, 2024	March 31, 2023
Audit fee	81	56
Taxation Matters	15	10
Company Law Matter	-	-
Other Services- Certification	2	3
Reimbursement of Expenses	8	5
Total	**106**	**74**

NOTE No. 2.8
FINANCE COSTS

Particulars	March 31, 2024	March 31, 2023
Interest expenses		
On Short Term Borrowings	5,338	3,341
On Long Term Borrowings at Amortised Cost	10,066	5,674
Others	196	218
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	84	90
Interest unwind - lease liability	1,283	850
Unwinding of Rent Advance	66	80
Bank charges	308	372
Net (gain)/loss on foreign currency transactions and translation	113	1,398
Total	**17,454**	**12,023**

Notes to Consolidated Financial Statements for the year ended 31 March 2024:

3.1 Subsidiaries and Joint Venture considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership	
			March 31, 2024	March 31, 2023
1	DR Axion India Private Limited	India	76%	76%
2	Craftsman Europe B.V	Netherlands	100%	100%

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership	
			March 31, 2024	March 31, 2023
1	Carl Stahl Craftsman Enterprises Private limited	India	30%	30%

3.2 Additional Information – Subsidiaries & Joint Ventures:

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures

Rs. Lakhs

Name of the entity	March 31, 2024		March 31, 2023	
	As a % of consolidated Net Assets	Amount	As a % of consolidated Net Assets	Amount
Parent Company				
Craftsman Automation Limited	88.26%	1,54,598	95.37%	1,37,138
Domestic Subsidiary				
DR Axion India Private Limited	22.22%	38,927	17.60%	25,313
Foreign Subsidiaries				
Craftsman Europe B.V	1.47%	2,577	1.63%	2,344
Sub Total	**111.95%**	**1,96,102**	**114.61%**	**1,64,795**
Add/Less: Intragroup eliminations / adjustments	-11.95%	(20,936)	-14.61%	(21,005)
Total	**100.00%**	**1,75,166**	**100.00%**	**1,43,790**

Rs. Lakhs

Name of the entity	March 31, 2024 As a % of consolidated Profit or Loss	March 31, 2024 Amount	March 31, 2023 As a % of consolidated Profit or Loss	March 31, 2023 Amount
Parent Company				
Craftsman Automation Limited	58.58%	19,759	94.74%	23,776
Domestic Subsidiary				
DR Axion India Private Limited	40.58%	13,690	4.27%	1,072
Foreign Subsidiaries				
Craftsman Europe B.V	0.64%	216	0.95%	238
Sub Total	**99.80%**	**33,665**	**99.96%**	**25,086**
Add/Less: Intragroup eliminations / adjustments	0.20%	67	0.04%	10
Total	**100.00%**	**33,732**	**100.00%**	**25,096**

Rs. Lakhs

Name of the entity	March 31, 2024 As a % of consolidated OCI	March 31, 2024 Amount	March 31, 2023 As a % of consolidated OCI	March 31, 2023 Amount
Parent Company				
Craftsman Automation Limited	390.00%	78	-92.86%	(65)
Domestic Subsidiary				
DR Axion India Private Limited	-380.00%	(76)	5.71%	4
Foreign Subsidiaries				
Craftsman Europe B.V	85.00%	17	187.14%	131
Sub Total	**95.00%**	**19**	**100.00%**	**70**
Add/Less: Intragroup eliminations / adjustments	5.00%	1	0.00%	-
Total	**100.00%**	**20**	**100.00%**	**70**

Rs. Lakhs

Name of the entity	March 31, 2024 As a % of consolidated Total Comprehensive Income	March 31, 2024 Amount	March 31, 2023 As a % of consolidated Total Comprehensive Income	March 31, 2023 Amount
Parent Company				
Craftsman Automation Limited	58.78%	19,837	94.23%	23,711
Domestic Subsidiary				
DR Axion India Private Limited	40.35%	13,614	4.29%	1,076
Foreign Subsidiaries				
Craftsman Europe B.V	0.69%	233	1.47%	369
Sub Total	**99.82%**	**33,684**	**99.96%**	**25,156**
Add/Less: Intragroup eliminations / adjustments	0.18%	68	0.04%	10
Total	**100.00%**	**33,752**	**100.00%**	**25,166**

3.3 Income taxes

Income tax expense for the year reconciled to accounting profit

Rs. Lakhs

		Year Ended March 31, 2024	Year Ended March 31, 2023
Profit before tax	a	44,469	35,479
Income tax rate	b	25.168%	25.168%
Income tax expenses	a*b	11,192	8,929
Effect of			
i) Effect of expenses inadmissible for tax		129	131
ii) Effect of Lower income tax of Subsidiaries		(10)	(160)
iii) Effect of Share of profit from JV		(21)	(12)
iv) Effect of MAT Credit written off		-	2,348
v) Effect of change in tax rate		(510)	(853)
vi) Others		(44)	-
Income tax expense recognised in Statement of Profit & loss		10,736	10,383

Note: The holding company had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 during FY 2022-23, while the Domestic Subsidiary (DR Axion India Private Limited) has elected to exercise the option during FY 2023-24. Accordingly, the income tax expense for the financial years FY 2022-23 and FY 2023-24 were calculated and its deferred tax liabilities (net) were remeasured at the tax rate prescribed in the said section. The impact of the change in the Statement of Profit and Loss are:

Rs. Lakhs

Particulars	FY 2023-24	FY 2022-23
1. Reduction of tax expense		3,730
2. one-time gain arising from reversal of opening deferred tax liability	510	853
3. charging off of MAT credit which is unavailable on adoption of the reduced rate		2,348

Movement of deferred tax assets/ liabilities

Rs. Lakhs

Movement during the year ended March 31 2024	As at March 31, 2023	Recognised in P&L	Recognised in OCI	As at March 31, 2024
Depreciation & Amortization	(14,528)	770	-	(13,758)
Provision for doubtful debts	184	(24)	-	160
Other Temporary Differences	232	220	(2)	450
	(14,112)	**966**	**(2)**	**(13,148)**

Rs. Lakhs

Movement during the year ended March 31 2023	As at March 31 2022	Acquired in Business Combination	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31, 2023
Depreciation & Amortization	(15,222)	(1,903)	2,597	-	-	(14,528)
Provision for doubtful debts	254	-	(70)	-	-	184
Other Temporary Differences	931	-	(649)	(50)	-	232
MAT Credit entitlement- Unused tax credit	2,359	-	-	-	(2,359)	-
	(11,678)	**(1,903)**	**1,878**	**(50)**	**(2,359)**	**(14,112)**

3.4 Employee Benefits

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on 7 July 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on 28 September 2020. However, the date on which these Codes will come into effect has not been notified. The Group will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

3.4 A) Defined Contribution Plan

The employee provident fund is in the nature of Defined Contribution Plan. The contribution made to the scheme is considered as expense in the Statement of Profit and Loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in Statement of Profit or Loss of Rs. 680 lakhs (2022-23: Rs. 493 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

3.4 B) Defined benefit plans

a. The Group extends defined benefit plan in the form of gratuity to employees. The Group makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd for the company and Aditya Birla Sun Life Insurance Company Ltd for the domestic subsidiary. The Group's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group there can be strain on the cash flows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b. The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at Mar 31, 2024	**As at March 31, 2023**
Discount rate	7.23% - 7.24%	7.55% - 7.59%
Expected rate of salary increase	5.00% - 10.00%	5.00% - 10.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c. Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Rs. In Lakhs

	2023-24 Rs. In Lakhs	**2022-23 Rs. In Lakhs**
Current Service Cost	304	234
Net interest expense/ (income)	9	8
Component of defined benefit cost recognised in P&L	**313**	**242**
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	98	(14)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	212 1	18

Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in Defined Benefit Obligation		0
Return on Plan Assets (Greater) / Less than Discount rate	5	8
Components of defined benefit costs recognised in other comprehensive income	**316**	**13**
Total Defined Benefit Cost	**629**	**267**

d. The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows

Rs. In Lakhs

	As at Mar 31, 2024	As at Mar 31, 2023
Present value of defined benefit obligation	2895	2256
Fair value of plan assets	2264	1988
Net liability arising from defined benefit obligation (funded)	(629)	(268)

e. Movements in the present value of the defined benefit obligation in the current year were as follows:

Rs. In Lakhs

	Year ended Mar 31, 2024	Year ended Mar 31, 2023
Opening defined benefit obligation	2256	1719
Acquired on Business Combination	-	223
Current Service Cost	304	234
Interest Cost	158	129
Benefits paid	(135)	(57)
Actuarial (gain)/loss	312	8
Closing defined benefit obligation	**2895**	**2256**

f. Movements in fair value of plan assets in the current year were as follows:

Rs. In Lakhs

	Year ended Mar 31, 2024	Year ended Mar 31, 2023
Opening fair value of plan assets	**1988**	1516
Acquired on Business Combination	-	211
Interest income of the assets	149	121
Employer contribution	268	203
Benefits payout	(135)	(57)
Actuarial gain/(loss)	(6)	(6)
Closing fair value of plan assets	**2264**	**1988**

g. The Group funds the cost of the gratuity expected to be earned on a yearly basis .

The actual return on plan assets was Rs. 144 lakhs (2022-23: Rs. 125 lakhs)

h. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

Rs. In Lakhs

	As at Mar 31, 2024	**As at Mar 31, 2023**
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• *Decrease by (Mar 24: (8.64%) to ((9.83%); Mar 23: (8.63%) to (9.77%))*	(254)	(197)
• *Increase by (Mar 24: 10.04% to 11.55% ; Mar 23: 10.03% to 11.51%)*	296	230
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• *Increase by (Mar 24: 8.46% to 11.08% ; Mar 23: 8.64% to 11.06%)*	254	200
• *Decrease by (Mar 24: (7.63%) to (9.56%) ; Mar 23: (7.88%) to (9.52%))*	(228)	(181)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• *Increase by (Mar 24: 1.43% to 2.18%; Mar 23: 1.65% to 2.67%;)*	44	40
• *Decrease by (Mar 24: (1.62%) to (2.53%) ; Mar 23: (1.86%) to (3.09%))*	(50)	(45)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

i. Funding arrangements

The Group has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Group will be able to meet the past service liability on the valuation date that falls due in the future.

The Group expects to make a contribution of Rs 381 lakhs (as at March 31, 2023: Rs 283 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	31st Mar 2024	31st Mar 2023
Weighted average duration of the DBO	12.37 -12.82 years	12.13 -12.78 years
	Rs. Lakhs	**Rs. Lakhs**
Projected Benefit Obligation	2,895	2256
Accumulated Benefits Obligation	1,941	1512

j. Maturity Profile:

Rs. Lakhs

FUTURE PAYOUTS	Present Value
Year (i)	202
Year (ii)	176
Year (iii)	172
Year (iv)	148
Year (v)	144
Next 5 year pay-outs(6-10yrs)	646
Pay-outs above ten years	1408

3.5 Earnings per share (EPS)

	Year Ended March 31, 2024	Year Ended March 31, 2023
	Rs.	**Rs.**
Earnings per share		
Basic earnings per share	144.11	117.56
Diluted earnings per share	144.11	117.56
Face value per share	5	5
Basic and diluted earnings per share	**Rs. Lakhs**	**Rs. Lakhs**
Profit for the year attributable to equity shareholders	30,447	24,839
	Nos.	**Nos.**
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,11,28,311
Weighted average number of equity shares		
used in the calculation of basic earnings per share	2,11,28,311	2,11,28,311
after adjustment for effect of dilution	2,11,28,311	2,11,28,311

3.6 Financial Instruments:

3.6a Capital Management:

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Group finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

The Debt to equity ratio as at end of the year is given below:

Rs. Lakhs

	As at March 31, 2024	As at March 31, 2023
Debt (long-term and short-term borrowings including current maturities)	1,54,643	1,15,272
Equity	1,75,166	1,43,790
Debt Equity Ratio	**0.88**	**0.80**

3.6b Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies as approved by the board of directors.

i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

A. Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Assets	Currency	As at March 31, 2024		As at March 31, 2023	
		Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Receivables	**USD**	37	3,108	43	3,561
	EUR	8	744	10	883
	GBP	0.04	4	0.44	44
Total Receivables (A)			3,856		4,488
Hedged by derivative contracts (B)		-	-	-	-
Unhedged receivables (C=A-B)			3,856		4,488

Liabilities	Currency	As at March 31, 2024		As at March 31, 2023	
		Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Payable (trade & other)	**USD**	62	5,130	114	9,327
	JPY	3,314	1,826	1,065	659
	EUR	29	2,636	2	144
	GBP	0.03	3	0.02	2
	CHF	-	-	-	0.01
	CNY	-	-	0	1
Borrowings (ECB and Others)	**USD**	171	14,254	237	19,485
	EUR		-	-	-
Total Liabilities (A)			23,849		29,618
Hedges by derivative contracts (B)	**USD**	92	7,648	125	10,256
	JPY	-	-	559	346
	EUR	14	1,260		
Unhedged payables (C=A-B)			14,941		19,016

B. Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

Rs. Lakhs

Currency	1% Strengthening of FC	
	As at March 31, 2024	As at March 31, 2023
USD	(86)	(150)
GBP	0.01	0.42
CHF	-	(0)
EUR	(6)	7
JPY	(18)	(3)
CNY	-	(0.01)
	(110)	**(144)**

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(in Lakhs)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Sell EUR	14	-	1,310	-	1,260	-
Sell JPY	-	559	-	352	-	346

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Asset'. [Refer Note 1.17] as on 31-03-2024

Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD SOFR rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table above.

Rs. In Lakhs

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
USD SOFR	25 bps	14	19	5,711	7,704
INR Baserate	50 bps	470	296	94,041	59,139
		484	**315**	**99,752**	**66,843**

*Interest rate on all USD loans are hedged with either IRS or IRC and hence are not exposed to risk due to interest rate fluctuations.

Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market gain as at March 31, 2024 is Rs.166 lakhs (March 31, 2023 gain is Rs.231 lakhs). The amount of loss recognised in OCI for the year ended 31st March 2024 is Rs.65 lakhs (31st March 2023 – gain Rs.413 lakhs) and the amount of gain recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31st March 2024 is Rs. NIL (31st March 2023: Rs. NIL).

In addition to the above, the Group has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market gain as at 31st March, 2024 is Rs.90 lakhs (March 31, 2023: Gain Rs. 139 Lakhs). The amount of loss recognised in OCI for the year ended 31st March 2024 is Rs.49 lakhs (31st March 2023 – Gain Rs.102 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in Statement of Profit and Loss. Amounts recognised as OCI are transferred to Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at 31st March, 2024 is Rs. NIL (March 31, 2023: Rs.NIL). The amount recognised in OCI for the year ended 31st March 2024 is Rs. NIL (31st March 2023: loss of Rs. 218 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31st March 2024 is Rs. 198 lakhs (31st March 2023: loss of Rs. 242 lakhs).

Further, the Group has call options for principal payments of two of its foreign currency loan which are designated as a cash flow hedge. The marked-to-market gain as at 31st March, 2024 is Rs.477 lakhs (March 31, 2023: gain of Rs.191 lakhs). The amount of gain recognised in OCI for the year 31st March 2024 is Rs.287 lakhs (31st March 2023 – loss of Rs.52 lakhs).

Credit Risk:

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

- Trade receivables:

The Group periodically assesses the financial reliability of customers taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Movement in Credit loss allowance

Rs. In Lakhs

	As at March 31, 2024	**As at March 31, 2023**
Balance as at beginning of the year	740	734
Allowance for bad and doubtful debts during the year	(94)	79
Trade receivables written off during the year	-	(73)
Balance as at the end of the year	**646**	**740**

Other financial assets:

a. *Bhatia Coke & Energy Limited*

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has fair valued the investment to NIL in FY 2020-21.

None of the Group's other cash equivalents, including time deposits with banks, are past due or impaired.

Movement in Provision for advances:

Rs. In Lakhs

	As at March 31, 2024	**As at March 31, 2023**
Balance as at beginning of the year	28	28
Allowance for doubtful advances made during the year	-	-
Advances written off during the year	-	-
Balance as at the end of the year	**28**	**28**

Refer note: 1.11 of the financial statements.

ii. Liquidity Risk:

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

Rs. Lakhs

As at March 31, 2024	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	42,158	96,356	16,129	1,54,643
Interest payments on borrowings	10,631	20,180	723	31,534
Lease liability	4,353	11,963	4,523	20,839
Trade Payables	80,064	-	-	80,064

Rs. Lakhs

As at March 31 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	24,655	73,576	17,041	1,15,272
Interest payments on borrowings	8,804	17,533	1,230	27,567
Lease liability	1,212	4,820	2,719	8,751
Trade Payables	71,162	-	-	71,162

The table below summarizes the maturity profile for its derivative financial assets and liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

Rs. Lakhs

As at March 31, 2024	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	859	(125)	-	733
Foreign exchange forwards	(50)	-	-	(50)
	809	**(125)**	**-**	**684**

Rs. Lakhs

As at March 31 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	798	(237)	-	561
Foreign exchange forwards	-	-	-	-
	798	**(237)**	**-**	**561**

3.6c Categories of Financial assets and liabilities:

Rs. Lakhs

	As at March 31, 2024	As at March 31, 2023
Financial Assets		
a. Measured at amortized cost:		
Cash and cash equivalents	6,349	2,732
Other bank balances & Interest receivable	2,065	2,060
Trade Receivables	57,663	53,529
Security Deposit	5,016	3,368
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	79	61
Currency swaps & options and IRS & IRC	943	936

Rs. Lakhs

	As at March 31, 2024	As at March 31, 2023
Financial Liabilities		
a. Measured at amortized cost:		
Borrowings	1,54,643	1,15,272
Lease Liability	20,839	8,751
Trade Payables	80,064	71,162
Other Financial Liabilities	14,547	12,266
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	259	375

3.6d Fair value measurements:

i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below:

As at March 31, 2024 **Rs Lakhs**

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	79	**79**
ii) fair value through P&L	-	-	-	**-**
Derivative Instruments measured at				
i) fair value through OCI	-	943	-	**943**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	259	-	**259**
ii) fair value through P&L	-	-	-	**-**

As at March 31 2023 **Rs Lakhs**

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	61	**61**
ii) fair value through P&L	-	-	-	**-**
Derivative Instruments measured at				
i) fair value through OCI	-	936	-	**936**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	375	-	**375**
ii) fair value through P&L	-	-	-	**-**

Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used.

3.7 Related party disclosure

a) Related parties

Joint Ventures
Carl Stahl Craftsman Enterprises Private Limited

Key Management Personnel
Mr. Srinivasan Ravi, Chairman and Managing Director
Mr. Ravi Gauthamram, Whole Time Director
Mr. Chandrashekar Madhukar Bhide, Independent Director (till 23rd May 2023)
Mr. Sundararaman Kalyanaraman, Independent Director
Mrs. Vijaya Sampath, Independent Director
Mr. T S V Rajagopal, Independent Director
Mrs. Rajeswari Karthigeyan, Independent Director (from 06th March 2023)
Mr. C.B.Chandrasekar, Chief Financial Officer
Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer
Mr. Shainshad Aduvanni, Company Secretary

b) Related Party Transactions – Summary:

Rs Lakhs

Transactions during the year	**Joint Ventures**		**Key Management Personnel**	
	23-24	**22-23**	**23-24**	**22-23**
Purchase of Goods & Services	489	224		
Sale of Goods & Services	5,597	3,946		
Sales Commission expenses	-	-		
Reimbursement of Expenditure to				
Remuneration to key management personnel			692	680
Commission			1,000	1,353
Sitting Fee			22	24
Rental Income	2	2		

Rs Lakhs

Balances as at the end of the year	**Joint Ventures**		**Key Management Personnel**	
	31-Mar-24	**31-Mar-23**	**31-Mar-24**	**31-Mar-23**
Trade Receivables	1,525	754		
Trade Payables	55	-		
Remuneration payable	506		6	-

c) Significant Related Party Transactions:

Rs Lakhs

	Year Ended March 31, 2024	**Year Ended March 31, 2023**
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	489	224
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	5,597	3,946
Remuneration to key management personnel		
Executive Directors	457	468
Chief Financial Officer	87	82
Chief Operating Officer	113	95
Company Secretary	35	35
Commission		
Executive Directors	963	1,329
Non-Executive Directors	37	24
Sitting Fee		
Non-Executive Directors	22	24
Rent Income		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2

Note: Remuneration to KMP does not include gratuity contribution which is determined actuarially on an overall basis for the holding Company and subsidiary and accordingly has not been considered.

d) Balances of Related Parties as at end of the year

Rs Lakhs

	As at March 31, 2024	As at March 31, 2023
Trade Receivable		
Carl Stahl Craftsman Enterprises Private Limited	1,525	754
Trade Payable		
Carl Stahl Craftsman Enterprises Private Limited	55	-
Remuneration payable		
Chairman and Managing Director	6	-

3.8 Contingent Liabilities and Commitments

a) Contingent Liabilities

Rs. Lakhs

Contingent Liabilities	As at March 31, 2024	As at March 31, 2023
a. Claims against the Company not acknowledged as debt		
Excise Duty	7	7
Value Added Tax	-	18
Service tax	67	67
Goods and Service Tax	16	16
Income tax	823	485
Stamp duty	-	56
b. Sales Bills discounted	**4,617**	**1,908**

b) Commitments

Commitment on Capital Account not provided as on 31 March 2024: Rs. 26,599 lakhs; 31 March 2023: Rs. 17861 lakhs.

3.9 Non-Current Borrowings:

Rs. In lakhs

Borrowings	As at March 31, 2024			Particulars of Repayment		As at March 31, 2023		
	Non-Current	Current Maturity	Total	Instalments	Amount/Inst nos.	Non-Current	Current Maturity	Total
* IFC - ECB	7,683	3,831	11,514	Half-yearly	USD 11.54 / 13	11,357	3,760	15,117
* SCB-ECB	1,041	832	1,873	Quarterly	USD 2.50/ 20	1,846	819	2,665
* Indian Bank TL-1	-	-	-	Quarterly	INR 156.25 / 48	1,092	1,901	2,993
* Bajaj TL-1	-	-	-	Quarterly	INR 250.00/ 16	1,993	-	1,993
* Bajaj TL-2	2,749	-	2,749	Quarterly	INR 175.00 / 20	3,748	-	3,748
* HDFC TL-1	2,103	-	2,103	Quarterly	INR 350.88 / 20	3,504	-	3,504
# EXIM TL-1	9,712	1,606	11,318	Quarterly	INR 541.67 / 24	11,860	1,060	12,920
# FEDERAL TL-1	9,892	-	9,892	Quarterly	INR 520.83 / 24	11,976	520	12,496
# TCFSL TL-1	5,269	478	5,747	Quarterly	INR 479.17 / 12	5,744	-	5,744
# ABFL TL-1	12,491	-	12,491	Quarterly	INR 150/2, 550/4 625/20	14,690	296	14,986
# Bajaj TL-3	8,333	-	8,333	Quarterly	INR 416.67 / 24	10,000	-	10,000
# SBI - TL1	9,439	556	9,995	Monthly	INR 139/72			
# Indian Bank TL-2	9,068	994	10,062	Monthly	INR 185/54			
# Axis TL-1	7,623	1,087	8,710	Quarterly	INR 363/24			
# HDFC TL-2	11,458	1,042	12,500	Quarterly	INR 521/24			
# Bajaj TL-4	4,995	-	4,995	Quarterly	INR 250/20			
* DR - HDFC TL-1	1,870	1,248	3,118	Quarterly	INR 312.50/24	3,118	1,250	4,368
* DR - HDFC TL-2		594	594	Quarterly	INR 208.33/20	594	833	1,427
* DR - HDFC TL-3	3,184	212	3,396	Quarterly	INR 116.83/16	1,869	-	1,869
* DR - HDFC TL-4	248	17	265	Quarterly	INR 16.53/16	264	-	264
* DR - Axis TL-1	3,742	829	4,571	Quarterly	INR 208.33/24	4,566	417	4,983
* DR - GECL TL-1	188	250	438	Monthly	INR 20.83/48	438	250	688
* DR - GECL TL-2	458	500	958	Monthly	INR 41.67/48	958	500	1,458
* DR - GECL TL-3	938	62	1,000	Monthly	INR 20.83/48	1,000	-	1,000
Total	**1,12,484**	**14,138**	**1,26,622**			**90,617**	**11,606**	**1,02,223**

ECB – External Commercial Borrowings ; FCTL- Foreign Currency Term Loan ; TL – Rupee Term Loans; DR – Loans of the subsidiary DR Axion India Private Limited.

The balances mentioned above are at amortised cost: Refer note 1.22

: Loans are secured by first pari passu charge on moveable fixed assets and second pari passu charge on current assets of the Company.

All other term loans (*) , both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets and a second pari passu charge on current assets of the Company.

3.10 Leases:

3.10a Group as lessee

(i) Following are the changes in the carrying value of right of use assets

For the year ended March 31, 2024:

(Rs. In Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2023	**-**	**9,196**	**9,196**
Additions	-	17,088	17,088
Amortization/ expense	-	(2,382)	(2,382)
Deletion	-	(6)	(6)
Balance as of 31 March 2024	**-**	**23,896**	**23,896**

For the year ended March 31, 2023:

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2022	**315**	**8,268**	**8,583**
Additions	-	2,293	2,293
Additions on account of combination	-	124	124
Amortization/ expense	(315)	(1489)	(1804)
Deletion	-	-	-
Balance as of 31 March 2023	**-**	**9,196**	**9,196**

(ii) The aggregate amortization expense on ROU assets is included under depreciation ,amortization and impairment expense in the statement of Profit and Loss.

(iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	4,353	1,212
Non-current lease liabilities	16,486	7,539
Total	**20,839**	**8,751**

(iv) The following is the movement in lease liabilities during the year:

Amount in ` lakhs

Particulars	2023-24	2022-23
Balance as at the beginning of the year	**8,751**	**8,395**
Additions	17,089	2,293
Additions on account of business combination		124
Finance cost accrued during the year	1,283	850
Deletion	(6)	-
Payment of lease liabilities	(6,278)	(2,910)
Balance as at the end of the year	**20,839**	**8,751**

(v) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	2,810	1,992
One to five years	8,811	6,782
More than five years	6,011	3,283
Total	**17,632**	**12,057**

(vi) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(vii) Rental expense recorded for short-term leases was ₹ 268 lakhs for the year ended March 31, 2024. (March 31, 2023: ₹ 176 lakhs)

(viii) Total cash outflow for leases including short-term was ₹ 6,546 lakhs for the year ended March 31, 2024. (March 31, 2023: ₹ 3,086 lakhs).

3.10b Group as lessor

Group has provided a portion of its building on operating lease to MC Machinery Systems India Private Limited (formerly known as MC Craftsman Machinery Private Ltd) & Carlstahl Craftsman Enterprises Private Limited for a period of 3 years and 5 years respectively.

Non-Cancellable Operating lease commitment	As at March 31, 2024	As at March 31, 2023
Not later than 1 year	30	18
Later than 1 year but not later than 5 years	52	7
Later than 5 years	-	-

3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

Rs. Lakhs

	As at March 31, 2024	As at March 31, 2023
The principal amount due to Micro and Small Suppliers under this Act	1,178	1,167
Interest accrued and due to suppliers on the above amount	Nil	15
Interest paid to suppliers under this Act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	Nil	15
Interest due and payable to suppliers under this Act for payment	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Group.

3.12 Business Combination:

On 01st February, 2023, the Company acquired 8,57,65,631 equity shares representing 76%of equity share capital of DR Axion India Private Limited, at cost ₹ 375,00,00,000 (Rupees Three hundred and seventy five crores only).

Details of the purchase consideration and goodwill are as follows:

Rs. Lakhs

Particulars	Amount
Consideration transferred	37,500
Non-controlling interest in the acquired entity	5,842
Less : Net identifiable assets acquired *	(24,343)
Goodwill on consolidation	18,999

The goodwill is attributable to the expected synergies on the acquisition

* Net identifiable assets acquired comprise PPE – ₹29,061 Lakhs; Other non-current assets – ₹2,616 Lakhs; Current assets – ₹34,369 Lakhs; Non-current liabilities – ₹15,669 Lakhs and current liabilities – ₹26,034 Lakhs

Revenue and profit contribution for year ended March 31, 2023:

a.The acquired business contributed revenues of ₹ 19,642 lakhs and profit before tax of ₹ 1,234 lakhs between acquisition date and March 31, 2023.

b. If the acquisition had occurred on 1st April 2022, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2023 would have been ₹ 4,07,027 lakhs and ₹ 42,866 Lakhs, respectively.

3.13 Segment Reporting:

The Group has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI's circular CIR/CFD/FAC/62/2016 dated 05 July 2016. Accordingly, the Group has identified the reportable segments based on end consumption of the products sold or services rendered and is consistent with performance assessment and resource allocation by the management. Segment revenue comprises sales and operational income allocable specifically to a segment. Un-allocable expenditure mainly includes corporate expenses, finance cost and other expenses. Un-allocable income primarily includes other income. During the year, the Chief Operating Decision Maker ('CODM') of the holding Company has, considering the increased prospects form non-automotive powertrain products, decided to rename "Automotive-Powertrain and others" segment as "Powertrain" segment. There have been no change in the current or comparable period figures.

Rs. Lakhs

Segment Revenue	**Year Ended March 31, 2024**	**Year Ended March 31, 2023**
Powertrain	1,55,837	1,52,709
Aluminium Products	2,15,361	93,461
Industrial & Engineering	73,975	72,090
Total revenue as per Statement of Profit and Loss	**4,45,173**	**3,18,260**

Rs. Lakhs

Segment Profit or Loss	Year Ended March 31, 2024	Year Ended March 31, 2023
Powertrain	29,163	38,204
Aluminium Products	32,203	7,732
Industrial & Engineering	4,935	6,722
Total Segments	**66,301**	**52,658**
Less: Unallocable Expenditure	(6,187)	(6,458)
Add: Other Income	1,809	1,302
Earnings Before Interest & Tax	**61,923**	**47,502**
Less: Finance Costs	(17,454)	(12,023)
Profit Before Tax	**44,469**	**35,479**

Rs. Lakhs

Segment Assets	As at March 31, 2024	As at March 31, 2023
Powertrain	1,54,572	1,29,532
Aluminium Products	1,80,257	1,44,972
Industrial & Engineering	88,541	71,542
Total Segments	**4,23,370**	**3,46,046**
Unallocable Assets	47,204	34,626
Total Assets as per Balance Sheet	**4,70,574**	**3,80,672**

Rs. Lakhs

Segment Liabilities	As at March 31, 2024	As at March 31, 2023
Powertrain	94,667	68,211
Aluminium Products	91,639	79,222
Industrial & Engineering	58,885	35,074
Total Segments	**2,45,191**	**1,82,507**
Unallocable Liabilities	50,217	54,375
Total Liabilities as per Balance Sheet	**2,95,408**	**2,36,882**

Other Disclosures as required under schedule III to the Companies Act, 2013

3.14 Ratio Analysis

Ratios	FY 24	FY 23	% Variance
(a)Current Ratio	1.16	1.20	-3%
(b) Debt-Equity Ratio	0.88	0.80	10%
(c) Debt Service Coverage Ratio	1.73	1.19	45%
(d) Return on Equity Ratio	22%	20%	14%
(e) Inventory turnover ratio	4.74	4.35	9%
(f) Trade Receivables turnover ratio	8.01	7.66	5%
(g) Trade payables turnover ratio	3.91	3.81	3%
(h) Net capital turnover ratio **	6	6	-4%
(i) Net profit ratio	7.6%	7.9%	-4%
(j) Return on Avg Capital employed	22%	22%	-3%
(k) Return on investment #	NA	NA	NA

** Net working capital does not include short term borrowings of Rs. 42,159 lakhs (31 March 2023: 24,655 lakhs)

Investments are made only for production and product related. Hence ROI is not applicable

Ratios	Formula (Numerator/Denominator)	Remarks for 25% change
(a)Current Ratio	Current Assets / Current Liabilities	NA
(b) Debt-Equity Ratio	Total Debt/Shareholders' Equity	NA
(c) Debt Service Coverage Ratio	Earnings available for debt service /Debt Service Debt service = Interest & Lease Payments + Principal Repayments	Increase in earnings in FY 23-24
(d) Return on Equity Ratio	Net Profits after taxes/Average Shareholders' Equity	NA
(e) Inventory turnover ratio	Sales/ Average Inventory	NA
(f) Trade Receivables turnover ratio	Sales / Average Accounts Receivable	NA
(g) Trade payables turnover ratio	Purchases / Trade Payables	NA
(h) Net capital turnover ratio **	Net Sales/Net Working Capital	NA
(i) Net profit ratio	Net Profit/ Net Sales	NA
(j) Return on Capital employed	Earning before interest and taxes/Avg. Capital Employed Avg. Capital employed = Avg.Total Assets- Avg. Current Liabilites	NA
(k) Return on investment #		

3.15.a) No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder

3.15.b) The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority

3.15.c) As per the information available with the Group, there has been no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year (Previous Year – Nil)

3.15.d) There has been no charges or satisfaction yet to be registered with Registrart of Companies beyond the statutory period

3.15.e) During the year, the Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

1) 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)
2) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. 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) provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(Previous Year – Nil)

3.15.f) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2024. (Previous Year – Nil).

3.16 Certain comparative figures have been reclassified to conform to the current year presentation. The Company acquired 76% of the equity share capital of DR Axion India Private Limited on 01 February 2023. Accordingly, the consolidated financial statements for the year ended 31 March 2024 is not comparable with year ended 31 March 2023 to that extent.

For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan Partner Membership No. 215565	R.Gauthamram Whole Time Director DIN : 06789004	S.Ravi Chairman and Managing Director DIN : 01257716
Place : Coimbatore Date : 27-Apr-2024	Shainshad Aduvanni Company Secretary M.No.A27895 Place : Coimbatore Date : 27-Apr-2024	C.B. Chandrasekar Chief Financial Officer

GENERAL INFORMATION

1. Our Company was originally incorporated as Craftsman Automation Private Limited on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Tamil Nadu at Madras. Pursuant to the conversion of our Company to a public limited company and as approved by the Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the RoC issued a fresh certificate of incorporation dated May 4, 2018. The Equity Shares are listed on BSE and NSE since March 25, 2021.

2. Our Company's Registered Office is located at 123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India and Corporate Office is located at Krishna Towers, 4th and 5th floor, 1087, Avinashi Road, Coimbatore 641 037, Tamil Nadu, India.

3. The CIN of our Company is L28991TZ1986PLC001816.

4. The website of our Company is www.craftsmanautomation.com.

5. The authorised share capital of our Company as of the date of this Placement Document is ₹20,00,00,000 divided into 4,00,00,000 Equity Shares of ₹5 each.

6. The Issue was authorised and approved by our Board of Directors on April 27, 2024 and approved by our Shareholders on May 27, 2024.

7. Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations to list the Equity Shares, issued pursuant to the Issue, on NSE and BSE each dated June 18, 2024. Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.

8. Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours between 10.00 A.M. to 5.00 P.M. any weekday (except Saturdays and public holidays) during Bid/ Issue Period at our Registered Office.

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

10. Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

11. Except as disclosed in this Placement Document, there has been no material change in financial or trading position of our Company since the date of the latest financial statements prepared and included herein.

12. There have been no defaults in the annual fillings of our Company under the Companies Act, 2013 or the rules made thereunder.

13. 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 274.

14. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

15. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Ratings 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.

16. The Floor Price for the Issue is ₹ 4,426.11 per Equity Share, calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations, as certified by Sharp & Tannan, Chartered Accountants. Our Company has offered a discount of approximately 0.60% on the Floor Price which is not more than 5% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations in

accordance with the approval of the Shareholders accorded through a special resolution dated May 27, 2024.

17. Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including the websites of our Company, our Subsidiaries, or any other website linked (directly or indirectly) to the websites of our Company and our Subsidiaries, would be doing it at his or her own risk.

18. Our Company Secretary and Compliance Officer is Shainshad Aduvanni. His contact details are as follows:

Address:
Krishna Towers, 4th and 5th floor,
1087, Avinashi Road,
Coimbatore 641 037,
Tamil Nadu, India
Tel: +91 422 716 5000
E-mail: investor@craftsmanautomation.com

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment of Equity Shares pursuant to the Issue shall be made at the sole and absolute discretion of our Company, in consultation with the Lead Manager, to Eligible QIBs only.

The names of the proposed Allottees and the percentage of post-Issue share capital (assuming that the Equity Shares are Allotted to them pursuant to the Issue) 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, has been included in this Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital (%)*#
1.	BAYERNINVEST KAPITALVERWALTUNGSGESELLSCHAFT MBH ON BEHALF OF ERI-BAYERNINVEST-FONDS AKTIEN ASIEN	0.04
2.	BNP PARIBAS FINANCIAL MARKETS	0.07
3.	GOVERNMENT OF SINGAPORE	0.63
4.	MONETARY AUTHORITY OF SINGAPORE	0.08
5.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C-ADITYA BIRLA SUN LIFE TRANSPORTATION AND LOGISTICS FUND	0.26
6.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL CAP FUND	0.36
7.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C-ADITYA BIRLA SUN LIFE BUSINESS CYCLE FUND	0.06
8.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C-ADITYA BIRLA SUN LIFE MANUFACTURING EQUITY FUND	0.06
9.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C-ADITYA BIRLA SUN LIFE MIDCAP FUND	0.09
10.	HDFC LARGE AND MID CAP FUND	0.06
11.	HDFC SMALL CAP FUND	0.15
12.	DENDANA INVESTMENTS (MAURITIUS) LIMITED	0.03
13.	FIDELITY FUNDS – INDIA FOCUS FUND	0.49
14.	PIONEER INVESTMENT FD SCHEME II	0.33
15.	TIMF HOLDINGS	0.24
16.	NEUBERGER BERMAN STRATEGIC INDIA EQUITY MASTER FUND L.P	0.01
17.	Neuberger Berman Investment Funds PLC/Neuberger Berman Emerging Markets Equity Fund	0.04
18.	ICICI PRUDENTIAL TRANSPORTATION AND LOGISTICS FUND	0.22
19.	MORGAN STANLEY ASIA (SINGAPORE) PTE.-ODI	0.15
20.	MORGAN STANLEY ASIA (SINGAPORE) PTE	0.07
21.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED - ODI	0.07
22.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	0.07
23.	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	0.03
24.	Future Midcap Fund- ULIF014010518FUTMIDCAP133	0.01
25.	FUTURE GENERALI INDIA LIFE INSURANCE COMPANY LTD-ULIF010231209FUTUREAPEX133	0.01
26.	FUTURE GENERALI INDIA LIFE INSURANCE CO. LTD. SHAREHOLDERS/NON UNIT LINKED	0.01
27.	AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	2.50
28.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS INDIA MANUFACTURING FUND	0.33
29.	AXIS MUTUAL FUND A/C AXIS EQUITY SAVER FUND	0.03
30.	MIRAE ASSET LARGE & MIDCAP FUND	0.36
31.	MIRAE ASSET MIDCAP FUND	1.17
32.	MIRAE ASSET MULTICAP FUND	0.29
33.	MIRAE ASSET FLEXI CAP FUND	0.04
34.	GOLDMAN SACHS FDS GOLDMAN SACHS INDIA EQ PORTFOLIO	1.98
35.	NEW YORK STATE TRS RTMT SYS MGD BY GLDMN SACHS AST MGT LP	0.07
36.	GOLDMAN SACHS FUNDS - GOLDMAN SACHS EMERGING MARKETS EQUITY PORTFOLIO	0.67
37.	GOLDMAN SACHS COLLECTIVE	0.09

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital (%)*#
38.	MOTILAL OSWAL MULTI CAP FUND	0.33
39.	BOARD OF PENSIONS OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA	0.00
40.	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA MIDCAP FUND	0.40
41.	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA CONTRA FUND	0.13
42.	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA ELSS TAX SAVER FUND	0.04
43.	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA INFRASTRUCTURE FUND	0.12
44.	EASTSPRING INVESTMENTS INDIA CONSUMER EQUITY OPEN LIMITED	0.33
45.	BANDHAN SMALL CAP FUND	0.14
46.	BANDHAN INFRASTRUCTURE FUND	0.06
47.	BANDHAN TRANSPORTATION AND LOGISTICS FUND	0.02
48.	BANDHAN MIDCAP FUND	0.10
49.	BAJAJ ALLIANZ LIFE INSURANCE CO LTD	0.24
50.	MAGNA UMBRELLA FUND PLC MAGNA EMERGING MKTS DIV FD	0.26
51.	ITI VALUE FUND	0.02
52.	ITI FOCUSED EQUITY FUND	0.12
53.	ITI FLEXI CAP FUND	0.14
54.	BANK OF INDIA SMALL CAP FUND	0.13
55.	NECTA BLOOM VCC-NECTA BLOOM ONE	0.03
56.	VIKASA INDIA EIF I FUND	0.07
57.	SAGEONE - FLAGSHIP GROWTH 2 FUND	0.11
58.	AURIGIN MASTER FUND LIMITED	0.03
59.	CARNELIAN BHARAT AMRITKAAL FUND	0.03
60.	SUNDARAM MUTUAL FUND-SUNDARAM AGGRESSIVE HYBRID FUND	0.09
61.	NAVI GENERAL INSURANCE LIMITED	0.02
62.	HDFC MUTUAL FUND - HDFC MANUFACTURING FUND	0.29
63.	HDFC MUTUAL FUND -HDFC MULTI CAP FUND	0.04
64.	HDFC MUTUAL FUND - HDFC TRANSPORTATION AND LOGISTICS FUND	0.03
65.	FIDELITY KOREA- INDIA EQUITY INVESTMENT TRUST - MOTHER	0.02
66.	Neuberger Berman Europe Holdings LLC	0.00
67.	Neuberger Berman Emerging Markets Equity Fund	0.10
68.	Neuberger Berman Emerging Markets Equity Trust	0.04
69.	CUSTODY BANK OF JAPAN, LTD. RE: RB AMUNDI INDIA SMALL CAP EQUITY MOTHER FUND	0.24
70.	VOLRADO VENTURE PARTNERS FUND IV GAMMA	0.57
71.	TATA BALANCED ADVANTAGE FUND	0.33
72.	FIDELITY INDIA FUND	0.03
73.	DANSKE INVEST SICAV - GLOBAL EMERGING MARKETS	0.06
74.	INVESTERINGSFORENINGEN DANSKE INVEST NYE MARKEDER-AKKUMULERENDE KL	0.08
75.	INVESTERINGSFORENINGEN DANSKE INVEST NYE MARKEDER KL	0.12
76.	T. ROWE PRICE GLOBAL ALLOCATION FUND, INC.	0.00
77.	T ROWE PRICE INTERNATIONAL DISCOVERY FUND	0.28
78.	T. ROWE PRICE INTERNATIONAL SMALL-CAP EQUITY TRUST	0.05
79.	OPTIMIX WHOLESALE GLOBAL EMERGING MARKETS SHARE TRUST	0.06
80.	DISCOVERY GLOBAL OPPORTUNITY (MAURITIUS) LTD	0.24
81.	JANCHOR PARTNERS PAN-ASIAN MASTER FUND	0.13
82.	SBI AUTOMOTIVE OPPORTUNITIES FUND	1.18
83.	SOCIETE GENERALE - ODI	0.27
84.	UTI-TRANSPORTATION AND LOGISTICS FD	0.13
85.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	0.34
86.	ADVANCED SERIES TRUST - AST T.ROWE PRICE GROWTH OPPORTUNITIES PORTFOLIO	0.01

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital (%)*#
87.	SUNDARAM MUTUAL FUND A/C SUNDARAM SMALL CAP FUND	0.14
88.	EDELWEISS TRUSTEESHIP CO LTD AC-EDELWEISS MF AC EDELWEISS LARGE CAP FUND	0.04
89.	EDELWEISS TRUSTEESHIP CO LTD AC-EDELWEISS MF AC-EDELWEISS AGGRESSIVE HYBRID FUND	0.09
90.	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LIMITED	0.07
91.	LIC MF FLEXI CAP FUND	0.02
92.	LIC MF SMALL CAP FUND	0.02
93.	LIC MF AGGRESSIVE HYBRID FUND	0.04
94.	OPTIMAS GLOBAL ALPHA FUND	0.03
95.	Duro India Opportunities Fund PTE. LTD.	0.36
96.	LEADING LIGHT VCC-THE TRIUMPH FUND	0.07
97.	STCI PRIMARY DEALER LTD	0.02

* *Based on the beneficiary position as on June 14, 2024 (adjusted for Equity Shares Allocated in the Issue).*

\# *The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs, as applicable (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.*

DECLARATION

Our 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 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 our Company's business have been obtained, are currently valid and have been compiled with. Our Company further certifies that all the statements in this Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

____

Authorised Signatory
Srinivasan Ravi
Chairman and Managing Director
DIN: 01257716
Date: June 21, 2024
Place: Hyderabad, Telangana

DECLARATION

We, the Board of Directors of the Company, certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 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 Placement Document (which includes disclosures prescribed under Form PAS-4).

FOR AND BEHALF OF THE BOARD OF DIRECTORS:

____

Authorised Signatory
Srinivasan Ravi
Chairman and Managing Director
DIN: 01257716
Date: June 21, 2024
Place: Hyderabad, Telangana

I am authorised by the Fund Raising Committee, a committee constituted by the Board of Directors, *vide* resolution dated April 27, 2024, to sign this form and declare that all the requirements of Companies Act, 2013 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 promoter 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:

____

Authorised Signatory
Srinivasan Ravi
Chairman and Managing Director
DIN: 01257716
Date: June 21, 2024
Place: Hyderabad, Telangana

CRAFTSMAN AUTOMATION LIMITED
CIN: L28991TZ1986PLC001816

Registered Office:
123/4, Sangothipalayam Road, Arasur Post
Coimbatore 641 407, Tamil Nadu, India

Corporate Office:
Krishna Towers, 4th and 5th floor, 1087, Avinashi Road,
Coimbatore 641 037, Tamil Nadu, India;
Tel: +91 422 716 50000; **Website:** www.craftsmanautomation.com

Contact Person: Shainshad Aduvanni, Company Secretary and Compliance Officer
Email: investor@craftsmanautomation.com
Tel: +91 422 716 50000

LEAD MANAGER

AXIS CAPITAL LIMITED
1st Floor, Axis House, C-2
Wadia International Centre, P.B. Marg, Worli
Mumbai 400 025, Maharashtra, India

DOMESTIC LEGAL COUNSEL TO THE COMPANY

SHARDUL AMARCHAND MANGALDAS & CO
Express Towers, 24th Floor, Nariman Point
Mumbai 400 021, Maharashtra, India

DOMESTIC LEGAL COUNSEL TO THE LEAD MANAGER

J. SAGAR ASSOCIATES
One Lodha Place, 27th Floor
Senapati Bapat Marg, Lower Parel
Mumbai 400 013, Maharashtra, India

STATUTORY AUDITORS

SHARP & TANNAN, CHARTERED ACCOUNTANTS
A4 III Floor, Parsn Manare
602 Anna Salai
Chennai 600 006, Tamil Nadu, India

INTERNATIONAL LEGAL COUNSEL TO THE LEAD MANAGER

HOGANS LOVELLS LEE & LEE
50 Collyer Quay, #10-01 OUE Bayfront
Singapore 049 321, Republic of Singapore

SAMPLE APPLICATION FORM

CRAFTSMAN AUTOMATION LIMITED

(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)

CIN: L28991TZ1986PLC001816; **Registered Office**: 123/4, Sangothipalayam Road, Arasur Post, Coimbatore 641 407, Tamil Nadu, India; **Corporate Office:** Krishna Towers, 4th and 5th floor, 1087, Avinashi Road, Coimbatore 641 037, Tamil Nadu, India; **Telephone**: +91 422 716 5000; **Email**: investor@craftsmanautomation.com; **Website**: www.craftsmanautomation.com; **LEI Code:** 335800Q4QC33YL9M8C65; **ISIN:** INE00LO01017

Name of Bidder: ________________

Form No: ______________________

Date: __________________________

QUALIFIED INSTITUTIONS PLACEMENT OF 27,27,272 EQUITY SHARES OF FACE VALUE OF ₹5 EACH BY CRAFTSMAN AUTOMATION LIMITED (THE "COMPANY") (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹4,400.00 PER EQUITY SHARE, INCLUDING A PREMIUM OF ₹4,395.00 PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING UP TO ₹1,20,000 LAKHS UNDER SECTION 42 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT, 2013") READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI ICDR REGULATIONS") (HEREINAFTER REFERRED TO AS THE "ISSUE").

THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹4,426.11 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF NOT MORE THAN 5% OR SUCH PERCENTAGE AS PERMITTED UNDER THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE.

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) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India 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. However, foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("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 state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulations S") and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" in the accompanying preliminary placement document dated June 18, 2024 (the "PPD"). For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Preliminary Placement Document as "QIBs".

ONLY ELIGIBLE QIBs ARE PERMITTED TO PARTICIPATE IN THE ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ("FEMA RULES") IN THE ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER 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. 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. 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.

To,
The Board of Directors
Craftsman Automation Limited

123/4, Sangothipalayam Road, Arasur Post,
Coimbatore 641 407, Tamil Nadu, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoter of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoter or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II 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.

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Funds**
MF	Mutual Funds	**NIF**	National Investment Fund
FPI	Eligible Foreign Portfolio Investors*		
VCF	Venture Capital Funds**	**SI-NBFC**	Systemically Important NBFC
IC	Insurance Companies	**IF**	Insurance Funds
OTH	Others (Please Specify)		

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

*** Sponsor and Manager should be Indian owned and controlled.*

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further 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 "**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 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 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 to be Allotted 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 authorised to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Board of Directors of the Company, or any duly authorised committee thereof, is entitled, in consultation with Axis Capital Limited (the "**Lead Manager**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**"), and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of this Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The Bid Amount payable by us for the Equity Shares applied for in the Issue has been/will be remitted to the designated bank account set out in this Application Form only through electronic mode, along with this duly completed Application Form prior to or on the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash, demand draft 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 Lead Manager; 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 we withdraw the Bid before the Bid/ Issue Closing Date, 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 was 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, contact details, PAN, 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 pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that 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 Lead Manager; and; 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, Tamil Nadu at Coimbatore (the "**RoC**") as required in terms of the PAS Rules. Further, we are 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% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws. 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 "***Notice to Investors***", "***Representations by Investors***", "***Issue Procedure***", "***Selling Restrictions***" and

"***Transfer Restrictions and Purchaser Representations***" sections 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 Lead Manager, each of whom is entitled to rely on, and is relying on, these representations, undertakings and warranties in consummating the Issue.

By signing and/or 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 and the Application Form and have read it in its entirety including in particular, the section titled "***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, Lead Manager or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), 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 sole and absolute discretion of the Company, in consultation with the Lead Manager, 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, 2013, upon Allocation, the Company will be required to disclose names and percentage of our 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 Lead Manager; (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 Lead Manager. 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 our 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, our 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 Takeover Regulations; (9) 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, this Application Form, the CAN upon its issuance 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.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that 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. 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. 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. We acknowledge that once a duly filled Application Form, whether signed or not is submitted by an Eligible QIB, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorised to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of such Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, 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 state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are either (i) a U.S. QIB purchasing the Equity Shares pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act or (ii) located outside the United States and purchasing Equity Shares in an offshore transaction as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read the representations, warranties and agreements contained in the sections entitled "***Selling Restrictions***" and "***Transfer Restrictions and Purchase Representations***" in the PPD.

BIDDER DETAILS (in Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
MOBILE NO.			
TELEPHONE NO.		**FAX.**	
EMAIL			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NUMBER: ______________________________		
FOR MF	SEBI MF REGISTRATION NUMBER: ______________________________		

FOR SI-NBFCs	RBI REGISTRATION DETAILS: ________________________________
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS: ________________________________
FOR AIFs* **	SEBI AIF REGSITRATION NUMBER: ________________________________
FOR VCFs* **	SEBI VCF REGISTARION NUMBER: ________________________________
FOR INSURANCE COMPANIES	IRDAI REGISTRATION NUMBER: ________________________________

[*]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 Lead Manager.

[**]In case you are an Eligible 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.

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 Form PAS-4 of the PAS Rules. For such information, the Lead Manager 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.

DEPOSITORY ACCOUNT DETAILS			
Depository Name (Please ✓)	National Security Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I N		
Beneficiary Account Number			(16 digit beneficiary account. 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 purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**

ESCROW ACCOUNT – BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER BY 3:30 P.M. (IST), [•], 2024	
Name of the Account	Craftsman Automation Limited – QIP Escrow Account 2024
Name of the Bank	Axis Bank Limited
Address of the Branch of the Bank	1133 Avinashi Road, Pappanaickan Palayam, Coimbatore, Tamil Nadu India
Account Type	Current Account
Account Number	924020027868019
IFSC	UTIB0000090

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "Craftsman Automation Limited – QIP Escrow Account 2024". 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 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.**

You are responsible for the accuracy of the bank account details mentioned below. You are aware that the successful processing of refunds, if any, shall be dependent on the accuracy of the bank details provided by you. The Company and the Lead Manager 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		**PRICEPER 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*	
Date of Application	
LEI	
Signature of Authorised Signatory (may be signed either physically or digitally) **	

ENCLOSURES ATTACHED
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
☐ FIRC
☐ 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 and the Placement Document, 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 Lead Manager.

(3) The duly filed Application Form along with all enclosures shall be submitted to the Lead Manager either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

This Application Form, the PPD sent to you and the Placement Document which will 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.