



SONA BLW PRECISION FORGINGS LIMITED

Sona BLW Precision Forgings Limited (“Company”) was originally incorporated as “Sona Okegawa Precision Forgings Limited” at New Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated October 27, 1995, issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi and commenced operations pursuant to the certificate of commencement of business dated November 16, 1995, issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi. The name of our Company was changed to “Sona BLW Precision Forgings Limited” as approved by our shareholders by way of a resolution dated June 28, 2013, and a fresh certificate of incorporation dated July 23, 2013, consequent upon change of name was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi. For further details, see “General Information” beginning on page 514.

Registered and Corporate Office: Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana - 122004, India
Tel: +91 0124 4768200; **Website:** www.sonacomstar.com; **Email:** investor@sonacomstar.com
Contact Person: Ajay Pratap Singh, Vice President (Legal), Company Secretary and Compliance Officer
Corporate Identity Number: L27300HR1995PLC083037

Issue of up to 34,782,608 equity shares of face value of ₹10 each (“Equity Shares”) at a price of ₹690 per Equity Share (“Issue Price”), including a premium of ₹680 per Equity Share, aggregating up to ₹ 24,000 million (“Issue”). For further details, see “Summary of the Issue” beginning on page 37.

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”).

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 September 9, 2024 were ₹700.15 and ₹699.75 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 September 4, 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 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT. 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 AUTHORIZED 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 UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT 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 46 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 AUTHORIZED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

A copy of the Preliminary Placement Document and a copy of this Placement Document, which includes disclosures prescribed under Form PAS-4 have been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Delhi and Haryana at New Delhi (“RoC”), within the stipulated period as required under the Companies Act and PAS Rules. The Preliminary Placement Document and this Placement Document has 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 has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and the Issue does not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Placement Document is 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 shall only be 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 202. 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 unauthorized 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 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 any applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) outside the United States in “offshore transactions”, as defined in, and 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 only to “qualified institutional buyers” (“U.S. QIBs”), as defined in Rule 144A under the U.S. Securities Act, in transactions exempt from the registration requirements 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 219 for information about eligible offerees for the Issue and “Transfer Restrictions and Purchaser Representations” beginning on page 227 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 or our Subsidiaries as applicable, or any other website directly or indirectly linked to such websites, or the websites of the Book Running 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 September 9, 2024.

BOOK RUNNING LEAD MANAGERS	
JEFFERIES INDIA PRIVATE LIMITED	JM FINANCIAL LIMITED*

* One of the Directors of our Company is also a director of JM Financial Limited and accordingly, JM Financial Limited is deemed to be an “associate” of our Company pursuant to Regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (“SEBI Merchant Banking Regulations”). In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Banking Regulations, read with Regulation 174(2) of the SEBI ICDR Regulations, JM Financial Limited shall be involved only in the marketing of the Issue.

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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 its 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 and our Subsidiaries, 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 and our Subsidiaries, 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 and our Subsidiaries. There are no other facts in relation to our Company and our Subsidiaries, 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, our Subsidiaries nor the Book Running Lead Managers have 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 Book Running Lead Managers or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorized, 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 Book Running Lead Managers have made reasonable enquiries but have not separately verified all the information contained in the Preliminary Placement Document and this Placement Document (financial, legal or otherwise). One of the Directors of our Company is also a director of JM Financial Limited and accordingly, JM Financial Limited is deemed to be an "associate" of our Company pursuant to Regulation 21A of the SEBI Merchant Banking Regulations. In compliance with Regulation 21A of the SEBI Merchant Banking Regulations and Regulation 174(2) of the SEBI ICDR Regulations, JM Financial Limited will be involved only in the marketing of the Issue. Accordingly, neither the Book Running Lead Managers nor their 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 Book Running Lead Managers 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, 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 Book Running Lead Managers 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 and Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorized 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 authorized by or on behalf of our Company or the Book Running Lead Managers. 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 distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. 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 authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Book Running Lead Manager that would permit an offering of the Equity Shares or distribution of this Placement Document in any 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 none of the Preliminary Placement Document or this Placement Document nor 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. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in “offshore transactions”, as defined in and in reliance on Regulation S. For restrictions in certain other jurisdictions, see “**Selling Restrictions**” beginning on page 219.

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**”, “**Selling Restrictions**” and “**Transfer Restrictions and Purchaser Representations**” beginning on pages 4, 219 and 227, respectively, of this Placement Document.

In making an investment decision, prospective investors must rely on their own examination of our Company and Subsidiaries, 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 business, 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 Book Running Lead Managers are 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 authorized 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 and Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 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 Book Running Lead Managers undertake 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 Book Running Lead Managers 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.sonacomstar.com), or any website directly or indirectly linked to the website of our Company and Subsidiaries or the website of the Book Running Lead Managers, 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 OFFERED IN THIS ISSUE 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 IN THE UNITED STATES. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) WITHIN THE UNITED STATES ONLY TO U.S. QIBS AND IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND (B) OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS", AS DEFINED, AND IN RELIANCE ON, REGULATIONS UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES OCCUR. 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 219 AND 227, 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 219 and 227, 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, 219 and 227, respectively, and to have represented, warranted and acknowledged to and agreed with our Company and the Book Running Lead Managers 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 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 219 and 227, 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) have 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 and this Placement Document have been filed, with the Stock Exchanges for record purposes only and have been 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 authorizations, 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 authorizations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;
12. You are aware that, our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Managers. The Book Running Lead Managers or any of 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 Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

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 Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this 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 Book Running Lead Managers;
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 Book Running Lead Managers;
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 have read it in its entirety, including in particular, "**Risk Factors**" beginning on page 46;
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 Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers 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 Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

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 Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) 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 authorized 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 and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our ‘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 Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board (as defined hereinafter), other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);
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 were 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 Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;
35. You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, 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 Book Running Lead Managers 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 Book Running Lead Managers or our Company or any other person, and the Book Running Lead Managers or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Book Running Lead Managers and 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 Book Running Lead Managers 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**” on page 219 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in “**Selling Restrictions**” on page 219 and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;
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 227 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 227;

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 New Delhi, 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 Book Running Lead Managers and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this 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 and this Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;
45. You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers;
46. You represent that you are not an affiliate of our Company or the Book Running Lead Managers or a person acting on behalf of such affiliate. However, affiliates of the Book Running Lead Managers, 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 10;
47. Our Company, the Book Running Lead Managers, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers; and
48. 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 Book Running Lead Managers) 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 Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Book Running Lead Managers and does not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures 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 219 and 227, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of 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 Promoters, 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 has 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', 'bidder', '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 the 'Company', 'our Company', the 'Issuer' are to Sona BLW Precision Forgings Limited, on a standalone basis, and references to 'we', 'our' or 'us' are to Sona BLW Precision Forgings Limited, together with our Subsidiaries on a consolidated basis.

Currency and units of presentation

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;
- 'EUR' or '€' are to Euro, the official currency of the European Union; and
- 'Peso' or 'Mexican Peso' are to Mexican Peso, the official currency of Mexico.

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 "million" units. One million represents 1,000,000. 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.

As required under the applicable regulations, and for the convenience of prospective investors, we have included the following in this Placement Document:

- (i) The audited consolidated financial statements of our Company and its Subsidiaries as at and for Fiscals 2024, 2023 and 2022, have been prepared in accordance with the Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**Audited Consolidated Financial Statements**");
- (ii) The unaudited condensed interim consolidated financial statement as of and for the three months ended June 30, 2024 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) 34 "Interim Financial 14 Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder (the "**Unaudited Condensed Interim Consolidated Financial Statements**");

- (iii) Our consolidated unaudited quarterly financial result for the quarter ended June 30, 2024 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations ("**Unaudited Consolidated Quarterly Financial Results**"); and
- (iv) The unaudited special purpose condensed interim consolidated financial statements as of and for the three months ended June 30, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) 34 "Interim Financial 14 Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder ("**Unaudited Special Purpose Interim Consolidated Financial Statements**") and together with the Consolidated Financial Statements and the Unaudited Condensed Interim Consolidated Financial Statements, the "**Financial Statements**").

The Audited Consolidated Financial Statements have been audited by our Statutory Auditors, Walker Chandio & Co LLP, who have been appointed as our Statutory Auditors in accordance with Section 139 of the Companies Act, pursuant to a shareholders' resolution dated July 14, 2022, for a period of five years to conduct statutory audit for the year ended Fiscal 2022 until Fiscal 2027. For details, see "*Statutory Auditors*" beginning on page 258.

The Audited Consolidated Financial Statements should be read along with the respective audit reports thereon, the Unaudited Condensed Interim Consolidated Financial Statements should be read along with the corresponding review report and the Unaudited Special Purpose Interim Consolidated Financial Statements should be read along with the corresponding review report. Our Statutory Auditors have issued audit reports dated May 5, 2022, May 3, 2023 and April 30, 2024 on our Audited Consolidated Financial Statements as at and for Fiscals 2022, 2023 and 2024, respectively. The Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Special Purpose Interim Consolidated Financial Statements have been subjected to limited review by our Statutory Auditors and they have issued the review reports each dated September 3, 2024, respectively, based on their review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("ICAI"). The Unaudited Consolidated Quarterly Financial Results have been subjected to limited review by our Statutory Auditors and they have issued the review report dated July 24, 2024. Our Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Special Purpose Interim Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials. For further details, see "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 259 and 91, 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. Further, except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as of and for the three months ended June 30, 2024 and as of and for the three months ended June 30, 2023, included in this Placement Document have been derived from the Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Special Purpose Interim Consolidated Financial Statements, respectively.

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. For further information, see "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Generally Accepted Accounting Principles in India, International Financial Reporting Standards and U.S.*

GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows on page 68.

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 ₹ million. 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.

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 report titled “Assessment of the Automotive Market in India, North America, Europe and China” dated August, 2024 (“**CRISIL Report**”), prepared by CRISIL MI&A, 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 August 20, 2024, in connection with the Issue. CRISIL MI&A is not related in any manner to our Company, our Promoters, our Directors or Key Managerial Personnel or members of the Senior Management, our Subsidiaries, or the Book Running Lead Managers.

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 Book Running Lead Managers have independently verified this market and industry data, nor do we or the Book Running Lead Managers 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 organizations) 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 Book Running Lead Managers 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 – This Placement Document discloses information from the CRISIL Report which is a paid report and commissioned 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 62.

The CRISIL Report contains the following disclaimer:

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

For the preparation of this report, CRISIL MI&A has relied on third party data and information obtained from sources which in its opinion are considered reliable. Any forward-looking statements contained in this report are

based on certain assumptions, which in its opinion are true as on the date of this report and could fluctuate due to changes in factors underlying such assumptions or events that cannot be reasonably foreseen. This report does not consist of any investment advice and nothing contained in this report should be construed as a recommendation to invest/disinvest in any entity. This industry report is intended for use only within India.”

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:

1. dependence on the performance of the automotive sector globally, including in key markets such as North America, Europe, India and Asia and any adverse changes in these markets;
2. negative publicity about our brand, or our inability to protect any of our intellectual property;
3. dependence upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers;
4. inability to successfully sustain, integrate and/or manage strategic investments, acquisitions and collaborations (including in overseas locations) undertaken or to be undertaken in the future;
5. inability to realize all of the revenue expected from our new and incremental business backlog;
6. dependence on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques;
7. inability to successfully implement our growth strategies;
8. reliance on the skills and experience of our management team and other key personnel and the loss of any of these team members or the inability to attract and retain qualified personnel;
9. pricing pressure from customers; and
10. exposure to counterparty credit risk and any delay in receiving payments or non-receipt of payments.

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 46, 91, 124 and 166, 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 Book Running Lead Managers 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. Except Jeffrey Mark Overly and Sunjay Kapur who are residents of the United States of America, all of our Directors, Key Managerial Personnel and members of Senior Management named herein are residents of India. Our assets are mostly 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 Book Running Lead Managers cannot

predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES

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 (*in ₹ per U.S. dollar*), based on the reference rates released by the RBI/FBIL, which are available on their respective websites. No representation is made that any Rupee amounts actually represent such amounts in U.S. dollars or could have been, or could be converted into, U.S. dollars at any particular rate, the rates indicated, any other rates or at all.

Period	Period end	Average	High	Low
Fiscal:				
2024	83.37	82.79	83.40	81.65
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
Month ended:				
August 31, 2024	83.87	83.90	83.97	83.73
July 31, 2024	83.74	83.59	83.74	83.40
June 30, 2024	83.45	83.47	83.59	83.07
May 31, 2024	83.30	83.39	83.52	83.08
April 30, 2024	83.52	83.41	83.52	83.23
March 31, 2024	83.37	83.00	83.37	82.68

Source: www.rbi.org.in, www.fbil.org.in

Notes:

1. The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.
2. Average of the official rate for each Working Day of the relevant period.
3. Maximum of the official rate for each Working Day of the relevant period.
4. Minimum of the official rate for each Working Day of the relevant period.

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, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Unless the context otherwise indicates, all references to “**the Issuer**”, “**the Company**”, and “**our Company**”, are references to Sona BLW Precision Forgings Limited, on a standalone basis, a public limited company incorporated in India under the Companies Act, 1956 having its Registered Office at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana - 122004, India. Furthermore, unless the context otherwise indicates, all references to the terms “**we**”, “**us**” and “**our**” are to our Company and our Subsidiaries (*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 124, 239, 252 and 259, respectively, shall have the meaning given to such terms in such sections.

Company related terms

Term	Description
Articles/ 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 181
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company and its Subsidiaries as at and for Fiscals 2024, 2023 and 2022, have been prepared in accordance with the Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act
Auditors/Statutory Auditors	The current statutory auditors of our Company, namely, Walker Chandiook & Co LLP, Chartered Accountants
Aureus	Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Ajay Pratap Singh
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board. For details, see “ Board of Directors and Senior Management ” beginning on page 181
CRISIL MI&A	CRISIL Market Intelligence & Analytics – a division of CRISIL Limited
CRISIL Report	The report titled “Assessment of the Automotive Market in India, North America, Europe and China” dated August, 2024 prepared by CRISIL MI&A
Director(s)	The director(s) on the Board of our Company
Equity Shares	Equity shares of our Company of face value of ₹10 each
ESOP 2020	Sona BLW Precision Forgings Limited - Employee Stock Option Scheme - 2020
ESOP 2023	Sona BLW Precision Forgings Limited -Employee Stock Option Plan - 2023
Group Chief Financial Officer	The group chief financial officer of our Company, Rohit Nanda
Independent Director(s)	Independent director(s) on our Board. For details, see “ Board of Directors and Senior Management ” beginning on page 181
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 181
Managing Director and Group Chief Executive Officer	The managing director and group chief executive officer of our Company, Vivek Vikram Singh

Term	Description
Memorandum/Memorandum of Association/MoA	Memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board. For details, see “ Board of Directors and Senior Management ” beginning on page 181
Promoters	The promoters of our Company in terms of SEBI ICDR Regulations and the Companies Act, namely, Sunjay Kapur, Aureus and Singapore Topco
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations
Fund Raising Committee	The fund raising committee of our Board, comprising the members, Sunjay Kapur, Jeffrey Mark Overly and Vivek Vikram Singh
Registered and Corporate Office	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana - 122004, India
Registrar of Companies/ RoC	The Registrar of Companies, Delhi and Haryana at New Delhi
Risk Management Committee	The risk management committee of our Board. For details, see “ Board of Directors and Senior Management ” beginning on page 181
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 181
Shareholders	The holders of the Equity Shares, from time to time
Singapore Topco	Singapore VII Topco III Pte. Ltd.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board. For details, see “ Board of Directors and Senior Management ” beginning on page 181
Subsidiaries	Collectively, Comstar Automotive Technology Services Private Limited, Sona Comstar eDrive Private Limited, Comstar Automotive USA LLC, Comstar Automotive Hong Kong Limited, Comestel Automotive Technologies Mexicana Limited, Comstar Automotive (Hangzhou) Co. Ltd., Comstar Hongkong Mexico No. 1 LLC, Sona BLW Edrive Mexicana, S.A.P.I. De C.V., Novelic d.o.o. Beograd – Zvezdara, Novelic D.O.O. SRL, Novelic ESC DOOEL SKOPJE, Nirsens d.o.o. Beograd-Zvezdara, Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V, Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V and Novelic Germany GmbH
Unaudited Condensed Interim Consolidated Financial Statements	The unaudited condensed interim consolidated financial statements as of and for the three months ended June 30, 2024 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) 34 “Interim Financial 14 Reporting” as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder
Unaudited Consolidated Quarterly Financial Results	Our consolidated unaudited quarterly financial result for the quarter ended June 30, 2024 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (“Ind AS 34”), prescribed under section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations
Unaudited Special Purpose Interim Consolidated Financial Statements	The unaudited special purpose condensed interim consolidated financial statements as of and for the three months ended June 30, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) 34 “Interim Financial 14 Reporting” as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder
Whole Time Director	Whole time director on our Board. For details, see “ Board of Directors and Senior Management ” beginning on page 181

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
Allotees	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

Term	Description
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
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	September 9, 2024, the date after which our Company (or the Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Bid/ Issue Opening Date	September 4, 2024, the date on which our Company (or the Lead Manager on behalf of our Company) shall commence 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 and the Application Form
Book Running Lead Managers / BRLMs	Together, Jefferies India Private Limited and JM Financial Limited*
	<i>* One of the Directors of our Company is also a director of JM Financial Limited and accordingly, JM Financial Limited is deemed to be an "associate" of our Company pursuant to Regulation 21A of the SEBI Merchant Banking Regulations. In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Banking Regulations read with Regulation 174(2) of the SEBI ICDR Regulations, JM Financial Limited shall be involved only in the marketing of the Issue.</i>
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 was made, i.e., September 9, 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 were eligible to participate in the Issue and which are (i) 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.
Escrow Account	Non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened in the name and style "SONA BLW PRECISION FORGINGS LTD QIP ESCROW A/C" 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 September 4, 2024 entered into between 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	HDFC Bank Limited
Floor Price	Floor price of ₹699.01 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 9.01, being equivalent to a discount of 1.29% on the Floor Price, which is not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution dated September 9, 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 34,782,608 Equity Shares each at a price of ₹690 per Equity Share, including a premium of ₹680 per Equity Share, aggregating up to ₹ 24,000 million to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	A price per Equity Share of ₹690, including a premium of ₹680 per Equity Share
Issue Size	The aggregate size of the Issue, up to 34,782,608 Equity Shares aggregating up to ₹ 24,000 million
Monitoring Agency	CRISIL Ratings Limited
Monitoring Agency	The agreement dated September 4, 2024 entered into between our Company and the

Term	Description
Agreement	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 September 4, 2024 entered into between our Company and the Lead Manager
Placement Document	This Placement document dated September 9, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act and the rules made thereunder
Preliminary Placement Document	The preliminary placement document cum application form, dated September 4, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act 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 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 our 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	September 4, 2024 which is the date of the meeting in which the Board or any authorized 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 who 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 authorized 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	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
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 (<i>formerly Department of Industrial Policy and Promotion</i>), 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

Term	Description
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
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 categorized as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) 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 prescribed under section 133 of the Companies Act, 2013, as notified under 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	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended and the Companies (Accounts) Rules, 2014, as amended
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

Term	Description
RSD	Serbian Dinar
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
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI Buy-back Regulations	The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018
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 categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations

Industry and Business Related Terms

Term	Description
2Ws	Two-wheelers
3Ws	Three-wheelers
BLDC	Brushless direct current
CHC	Custom Hiring Centres
CPUC	California Public Utilities Commission
e2W	EV two-wheelers
E.P.I.C	Electric, personalised, intelligent and connected
EDL	Electronically locking differential
EHS	Environment, health, occupational, health and safety
EVs	Electric vehicles
FDI	Foreign Direct Investments
FuSa	Functional safety
GDP	Gross Domestic Product
GST	Goods and Services Tax
Gurugram Units	Gurugram Unit I, Gurugram Unit II and Gurugram Unit III
GVA	Gross Value Added
IAD	Inter-axle differential
IMCM	Integrated Motor Controller Module
IMF	International Monetary Fund
MPVs	Multipurpose Vehicles
NIP	National Infrastructure Pipeline
OEM	Original equipment manufacturers
OTA	Over the air updates
PLI	Production Linked Incentives
PMSM	Permanent magnet synchronous motors
PPP	Public Private Partnership
R&D	Research and development

Term	Description
RFQ	Request for quote
STU	State Transport Undertaking
SUVs	Sport Utility Vehicles
TCO	Total Cost of Ownership
WEO	World Economic Outlook
ZEV	Zero-Emission Vehicle

SUMMARY OF BUSINESS

Overview

We are an India based mobility technology company, designing, manufacturing and supplying highly engineered, mission critical, bespoke systems and components to automotive original equipment manufacturers (“OEMs”) across North America, Europe, India and Asia (excluding India), for both electrified and non-electrified powertrain segments. We are a global supplier with manufacturing and assembly facilities located globally, and our company has experienced year-on-year transformative growth, guided by our corporate values of integrity, vitality, agility and frugality. In the three year period since becoming publicly listed in 2021, we have doubled many of our key financial metrics. For example in Fiscal 2024, our revenue and EBITDA have doubled from Fiscal 2021 and our PAT is 2.4x higher compared to Fiscal 2021. In Fiscal 2024, we derived ₹21,631.78 million representing 70.1% of our income from sale of goods with end-use in the overseas markets, including 39.4% (₹12,149.18 million) in North America, 24.6% (₹7,594.90 million) in Europe and 5.4% (₹1,657.58 million) in Asia (excluding India), and 28.3% (₹8,723.99 million) of our income was derived from sale of goods with end-use in India.

Our mission is to be a leader in the technology we invest in and give our customers an edge over the rest, while designing and building products that will help enable the future of mobility. As a result, we are a technology and innovation driven company with a strong focus on research and development (“R&D”). To meet the evolving demands of our customers, we provide electrical and mechanical systems, sensors and embedded software solutions. The EV market is a particular focus for us, and we have the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting durability, performance and NVH specifications. We also supply differential assemblies, differential gears, traction motors and controllers to customers in North America, Europe, India and Asia (excluding India), for use in hybrid and battery electric vehicles, electric two-wheelers and electric three-wheelers. We have also received certification under India’s auto production linked incentive scheme for our hub-wheel drive motors and traction motors for electric two and three wheelers. These capabilities have helped us increase our sales to the EV market at a CAGR of 62.5% from ₹2,052.46 million in Fiscal 2021 to ₹8,800.57 million in Fiscal 2024, representing 28.6% of our income from sale of goods.

According to the CRISIL Report, technological advancements, government incentives, heightened environmental awareness, infrastructure development and cost competitiveness drive electric vehicle growth. With consumers and governments increasingly emphasizing sustainability and clean transportation, the electric vehicle market is ready for sustained growth and innovation. With our product offerings spanning across all types of conventional and electrified powertrains, we are well-positioned to gain from high growth industry trends as well as various initiatives introduced by the GoI to facilitate the growth of the automotive industry in India.

Some of the key high growth industry trends from which we expect to benefit are set forth below.

- In India, retail sales for electric two-wheelers is expected to grow at a CAGR of 40% - 42% between Fiscals 2024 to 2031, according to the CRISIL Report. We supply traction motors and motor control units for use in the electric two-wheeler and three-wheeler segments.
- Global electric vehicle market, in volume terms, is expected to grow at a CAGR of 9.6% from 2024 to 2029, with battery electric vehicles, plug-in hybrid electric vehicles and hybrid electric vehicles to grow at a CAGR of 13.92%, 10.62% and 6.70% respectively.

For Fiscals 2022, 2023 and 2024, we had EBITDA of ₹5,591.01 million, ₹6,958.17 million and ₹9,020.97 million amounting to EBITDA margins of 26.2%, 26.0% and 28.3%, respectively.

Major events in the history of our Company

Year	Event
1995	Sona Okegawa Precision Forgings Limited (“Sona Comstar”) was incorporated, as a joint venture with Mitsubishi Materials.
1997	Comstar was incorporated.
1999	Sona Okegawa commenced production at its Gurugram plant.
2005	Sona Okegawa launched its Pune plant.
2007	Sona Okegawa acquired Thyssen Krupp’s precision forging business.
2012	Comstar launched its US Plant.
2013	Sona Okegawa was renamed as Sona BLW.
2015	Comstar launched its China plant.

Year	Event
2016	Sona BLW started its EV journey with the supply of EV differential gears.
2017	Sona BLW added a new plant in Gurugram and acquired Mitsubishi Material's 25% stake. Sona BLW was awarded a contract for EV differential assembly. Comstar also launched its Mexico Plant.
2018	Sona BLW added an additional new plant in Gurugram.
2019	Sona BLW acquired Comstar and formed a new brand identity, Sona Comstar. Blackstone acquired a 66.3% stake in Sona Comstar.
2020	We were awarded contracts for EV motors and launched our Manesar plant.
2021	We were listed on Indian Stock Exchanges.
2022	We launched our Chakan (Pune) plant.
2023	We acquired a majority stake in NOVELIC.
2024	We launched our Silao (Mexico) plant.

Our Competitive Strengths

A leading manufacturer and supplier to global EV markets

According to the CRISIL report, electric mobility is becoming more popular among governments across the world. Government regulations to phase out fossil fuel-powered vehicles, government expenditures to improve public EV charging infrastructure and initiatives, such as subsidies and tax refunds, to encourage the adoption of EVs are all likely to contribute to market development. We anticipated this paradigm shift and heavily invested in R&D to meet the need of our customers' changing preferences. As a result, for Fiscal 2024, ₹ 8,800.57 million representing 28.6% of our income from sale of goods was derived from the BEV market. As a percentage of our total sale of goods, our income from sale of goods to the BEV market has become 2.1x from 13.8% and in absolute value it has become 4.3x from ₹2,056.98 million in Fiscal 2021. For the quarter ended June 30, 2024, 32.2% of our income from sale of goods was derived from the BEV market.

We have been supplying differential gears in the global EV market since April 2016 and received an order for differential assemblies in 2017. We also design and manufacture traction motors and motor controllers for electric two-wheelers and electric three-wheelers. We are committed to achieving better and stronger ESG norms as a company, and our focus on developing EV specific products to facilitate the growing electrification trend enables us to implement our ESG related commitment.

Our high-power density EV systems and ability to engage with customers from concept to testing, has resulted in us being awarded various development programs for EV systems and components by multiple different customers across North America, Europe, India and Asia (excluding India).

One of the leading global mobility solutions companies and diversified across key automotive geographies, products, vehicle segments and customers

We have solidified our position as one of the most respected automotive component manufacturers. We have ten manufacturing and assembly facilities strategically positioned across key markets worldwide, enhancing our ability to effectively serve our customers, of which six are located in India, one each in China and USA and two in Mexico, as well as eight warehouses across India, USA, Germany and Belgium. Our facilities are strategically located in order to serve and prioritize our customers' needs.

Leveraging our state-of-the-art R&D capabilities and industry experience, we have transitioned from a manufacturing company to a mobility solutions company. Our proficiency in creating, advancing and producing meticulously engineered, mission-critical automotive systems and components for automotive OEMs. With an array of technologies and products in our portfolio, we collaborate with OEMs globally, especially in advanced applications, notably within the EV sector.

Furthermore, we aim to mitigate the impact of cyclical downturns in the automotive industry through our geographic diversification, together with distributed presence in PV, CV and OHV segments. We are not dependent on a single product, vehicle segment, customer or geography. In terms of geography, for Fiscal 2024, we derived 39.4%, 28.3%, 24.6% and 5.4% of our total income from sale of goods with end-use in North America, India, Europe and Asia (excluding India), respectively. In terms of products, for Fiscal 2024, we derived 58.9% of our total income from sale of driveline products, including 23.8% from differential assemblies and 31.5% from differential gears. From sale of motor products, we derived 39.6% of our total income from sale of goods, including 33.0% from conventional and micro/plug-in hybrid starter motors and 4.8% from traction motors and

motor controllers. Furthermore, in terms of vehicle segments, for Fiscal 2024, PVs, CVs and OHVs contributed 70.5%, 13.7% and 9.4%, respectively, of our total income from sale of goods.

We are also focused on diversification of our business through the growth of new and existing customer relationships. We supply our systems and components to leading OEMs and Tier 1 automotive suppliers in North America, Europe, India and Asia (excluding India). For Fiscals 2022, 2023 and 2024, income from sale of goods to our top ten customers amounted to 80.2%, 78.0% and 76.4%, of our total income from sale of goods for Fiscals 2022, 2023 and 2024, respectively. For further details on the breakdown of our sale of goods in terms of geographic markets, systems and components, customers and vehicle segments, see “*Our Business – Our Operations*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators and Certain Non-GAAP Measures*” on pages 172 and 95, respectively.

Strong research and development and technological capabilities in both hardware and software development

We have developed strong in-house capabilities to deliver evolving green technologies for future mobility, with an aggregate expenditure on R&D of ₹1,966.40 million during Fiscals 2022, 2023 and 2024. Our R&D expenditure amounted to ₹441.72 million, ₹731.55 million and ₹793.13 million during Fiscals 2022, 2023 and 2024, respectively and constituted 2.1%, 2.7% and 2.5% as a percentage of our revenue from operations (including foreign exchange gain (net)) for Fiscals 2022, 2023 and 2024, respectively. Our R&D capabilities are further strengthened by our digital simulations, testing and validation facilities located at our three R&D centers in India (Gurugram, Chennai and MM Nagar), which are approved by the GoI’s Department of Scientific and Industrial Research and one in Serbia. They are equipped with modern facilities including various design software and testing equipment.

A critical component of all electrified systems is embedded software, and we stay competitive by building our expertise in software and electronics through various means. We develop the base software implementing global standards such as ASPICE, MISRA, AUTOSAR, and ISO26262. Furthermore, functional safety (“**FuSa**”) is a critical requirement for all electrified systems, and Cybersecurity, OBD, and over the air updates (“**OTA**”), have become essential. We are developing software products aligned to such market and OEM requirements. As a result of our strong R&D, technological and software development capabilities, we are well-positioned to become value-added partners to OEMs.

Furthermore, for our driveline systems and components, we have developed proprietary gear design software. Our software generates micro- geometries to meet the specific requirements of our customers and allows us to design gear tooth profile with minimal constraints and flexibility. This flexibility to modify the geometry is fundamental to our core strength of precision-forging technology, which enables us to design and make our tools and dies in-house and our precision forging process technology allows us to develop gears with higher power density, which is critical for the powertrains of EVs.

Our R&D capabilities are further supported by the intellectual property rights that we have in connection with our business. We have been granted 28 patents, including 21 patents in India, five patents in the USA, one patent in China and one patent in the United Kingdom and await 31 patents which are pending for approval in India and other foreign jurisdictions, including three patents under international patent applications, filed under the Patent Cooperation Treaty, and currently under review by the World Intellectual Property Organization. For details, see “*Our Business – Intellectual Property*” on page 179.

Strong business development with customer centric approach

We have long-standing relationships of 20 years and more with 10 of our top 20 customers. Our customers include many leading OEMs and Tier 1 automotive system suppliers from North America, Europe and India. We participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for quote (“**RFQ**”), to qualify and secure business for development of a program. Converting the RFQ process into firm orders generally leads to a long-term relationship with a customer, as the cost to the customer of switching vendors after qualification in the RFQ process is typically high.

We engage closely with our customers from concept to delivery and aim to have all our systems and components be industry leading in their category. For example, we worked closely with an Indian OEM to develop an integrated motor controller for electric two-wheeler applications. An electric two-wheeler motor and a controller are generally two separate products and located at different locations in the vehicle. This may not be optimal for

performance. After months of development, we developed an integrated system where both the motor and controller resided inside a single unit. This compacted design also provides various advantages such as improving efficiency, improving performance, reducing the wiring requirement and cost-effectiveness. In Fiscal 2024, we won the business to supply this integrated motor controller for their electric two-wheelers with the demonstration of our in-depth R&D and engineering capabilities.

In addition to technology and collaboration in development of systems and components, we also meet regularly with our customers to review our performance in a number of other areas including quality, delivery and cost. As a result of our superior performance, technological capabilities, and our stringent manufacturing processes, we have received several awards for the quality of our systems and components and customer satisfaction from several OEMs.

Consistent financial performance with industry leading metrics

Our revenue from operations including foreign exchange gains (net) has grown at a CAGR of 26.7% from Fiscal 2021 to Fiscal 2024. For Fiscals 2022, 2023 and 2024, we achieved an average EBITDA margin of 27.0% and an average ROE of 20.2%.

We have made substantial investments in our R&D and in building production capacities for future growth. In Fiscals 2022, 2023 and 2024, our capital expenditure (comprising of payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances) was ₹3,472.13 million, ₹3,352.41 million and ₹3,195.31 million, respectively. As at March 31, 2024, we had a strong balance sheet with equity capital (including instruments entirely equity in nature) of ₹5,864.48 million and other equity of ₹20,638.80 million. In addition, our cash flows from our operating activities (after tax) were ₹4,445.81 million, ₹5,332.89 million and ₹6,927.51 million in Fiscals 2022, 2023 and 2024, respectively.

Highly experienced board of directors and management team

We are led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance.

Mr. Sunjay Kapur, the Chairman on the Board of our Company, has over two decades of experience in the automotive industry. Previously, he has also served as director on the board of directors of various companies and was the managing director of Sona Koyo Steering Systems Limited (now JTKET India Limited). Mr. Sunjay Kapur has extensive expertise in the automobile industry, which provides our leadership team with the vision to steer the long-term strategic direction of our business. We are further supported by an experienced board of directors with diversified expertise, which actively contributes to and participates in our strategy. Mr. Sunjay Kapur is joined on the board by Mr. Amit Dixit, non-executive director and head of Asia for Blackstone Private Equity. We also have strong oversight from the Independent Directors on our board which include, Mr. Jeffrey Mark Overly, former operating partner in the Blackstone Group; Mr. Prasan Abhaykumar Firodia, the managing director of Force Motors Limited, an Indian automotive OEM; Ms. Shradha Suri, the chairperson and managing director of Subros Limited, an Indian auto-component supplier, Ms. Manisha Girotra, the chief executive officer of Moelis India, a global investment bank and Mr. Pradip Manilal Kanakia, a qualified Chartered Accountant.

Our management team is led by Mr. Vivek Vikram Singh, our Managing Director and Group Chief Executive Officer. Mr. Singh is supported by Mr. Rohit Nanda, the Group Chief Financial Officer, Mr. Kiran Manohar Deshmukh, the Group Chief Technical Officer and Group Head – Corporate Social Responsibility, Mr. Vadapalli Vikram Verma, the Chief Executive Officer of our driveline business, Mr. Sat Mohan Gupta, the Chief Executive Officer of our motor business, Mr. Ajay Pratap Singh, Vice-President (Legal), Company Secretary and Compliance Officer, Mr. Amit Mishra, Head of Investor Relations and a strong and experienced team of cross-functional professionals across senior and mid-level management.

A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. They have led the organization through acquisitions, development of new systems and components and pivoting the business to EV markets in the last five years. Therefore, we believe that our highly experienced and professional management team provides us a key competitive advantage. For details on our management, see “***Board of Directors and Senior Management***” on page 181.

Our Growth Strategies

Increase our presence in electric, personalised, intelligent and connected (“E.P.I.C.”) mobility

Our focus is building a long-term business with a solid foundation and strong emphasis on being at the forefront of technological innovation, and we take a proactive approach to the future of transportation and sustainability. We are dedicated to our vision statement of becoming one of the world’s most respected and valuable mobility technology companies. We believe that the future of mobility will be electric, personalised, intelligent and connected. We started our journey towards electric mobility in 2016 and have initiated our journey toward the remaining three pillars – personalized, intelligent, and connected, in the past few years. By embracing the E.P.I.C. future of mobility as our strategic roadmap, we aim to develop technologies for the next generation of mobility and provide sustainable solutions to meet the evolving needs of consumers and the industry. We believe that our future growth will depend on our focus on, and execution of, these four quadrants of mobility.

- *Electric*

The shift toward EVs continues to expand and represents a fundamental change in the automotive industry. With increasing concerns about environmental sustainability and the need to reduce carbon emissions, there is a growing emphasis on the development and adoption of EVs. This transition is reshaping the entire automotive ecosystem, from manufacturing processes to infrastructure requirements and consumer preferences. According to IEA’s Global Electric Vehicle Outlook 2024, sales of electric cars, including BEVs and plug-in hybrid electric vehicles (“PHEVs”), increased to nearly 14 million worldwide in 2023, a 35% increase from the previous year and signalling a pivotal moment in the industry’s electrification journey. Further the IEA’s Stated Policy Scenario (STEPS) projects that the global electric car sales share will reach 40% by 2030. We have made significant progress in this quadrant with an early start. Our product offerings encompass both electric and hybrid powertrains such as BEVs, PHEVs and micro-hybrids. We supply differential gears, differential assemblies, traction motors and motor controllers, and micro-hybrid starter motors to various customers and with our commitment and focus toward ESG, we plan to increase the EV share of our revenue. From Fiscal 2021 to Fiscal 2024, our BEV revenue has quadrupled to ₹8,800.57 million and reached 28.6% of our sale of goods. Having been awarded various EV programs from multiple customers, we plan to further increase the EV share of our revenue.

- *Personalised*

We believe the personalization of vehicles has become one of the primary demands of automotive consumers and consumers expect tailored experiences and customised services catering to their preferences and needs. Technological advancements and digitalisation have not only transformed vehicle life cycle stages but also revolutionized customer expectations. The user experience in connected cars may include basic personalisation features as well as predictive and customisable experiences driven by artificial intelligence. This evolution extends beyond the driver to encompass all occupants, offering tailored controls, infotainment, and digital services. We believe voice and gesture interactions further enhance the user experience, with the potential for vehicles to anticipate occupants’ needs, promising a transformative consumer experience in the future. We marked our entry into this domain with our product, the Integrated Motor Controller Module (“IMCM”), which we developed for a predictive active suspension system. We plan to develop more such solutions to expand further in this domain.

- *Intelligent*

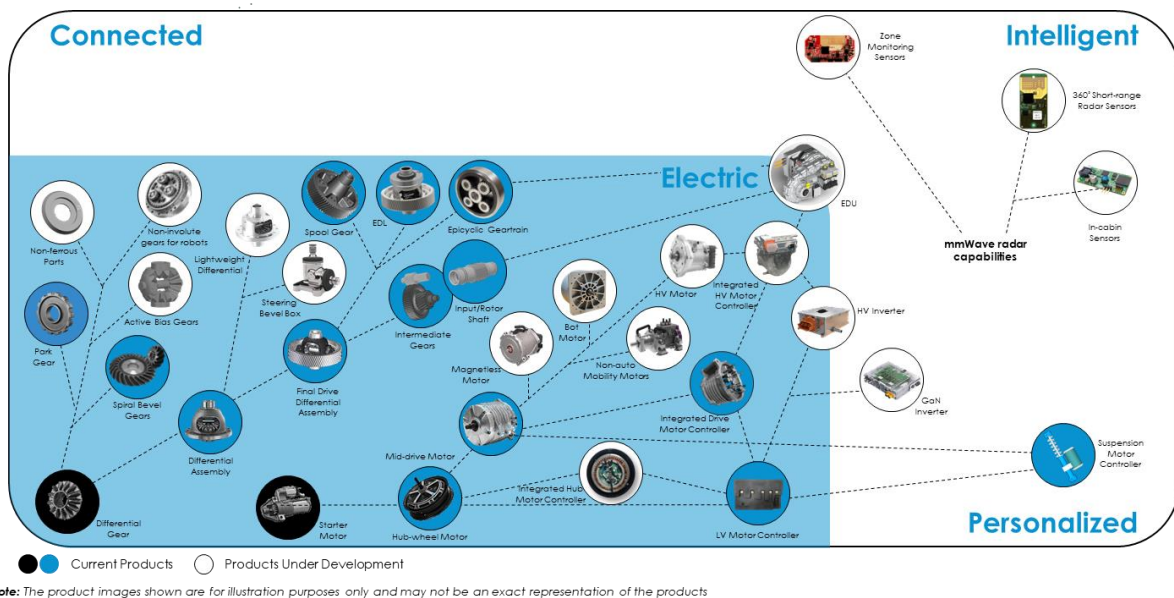
We believe the integration of intelligent technologies is revolutionizing the automotive industry. From advanced driver systems to autonomous driving capabilities, vehicles are becoming increasingly intelligent and autonomous. Scalable central computing clusters with embedded AI capabilities will characterize intelligence in future vehicle architectures. Vehicles will leverage extensive sensor technologies to communicate road conditions, enhance safety, and improve efficiency. The development of assisted and autonomous driving remains pivotal, leading to the proliferation of software content in vehicles. We believe as vehicles become increasingly autonomous and connected, the complexity and volume of code will surge, further propelling the evolution of intelligent mobility solutions. We believe these technologies not only enhance safety and convenience, but also enable new business models and mobility solutions. We believe in order to deliver products with higher levels of automation, automakers and new-age mobility manufacturers will require sufficient sensors and computing power coupled with a software-driven development process. We made a gradual entry to this domain with software development for our motor controllers. In Fiscal 2024, we acquired a majority stake in NOVELIC, a Serbia-based company, which had capabilities in mmWave radar technology. With this acquisition, we started building our third business vertical of Sensors and Software. We plan to grow this vertical further to expand into the domain of intelligent mobility.

- *Connected*

We believe the intelligent systems enable vehicles to communicate with each other and with the surrounding infrastructure, paving the way for a more connected and efficient transportation ecosystem. We believe connectivity is becoming increasingly pervasive in modern vehicles, enabling seamless communication and interaction between vehicles, infrastructure, networks, and pedestrians and vehicle-to-everything connectivity promises safer and more efficient commuting, becoming indispensable for smart cities. We believe connected cars offer a wide range of features and services that enhance the driving experience. Moreover, connectivity enables automakers to collect and analyse data from vehicles, enabling predictive maintenance, remote diagnostics and other value-added services. We do not have any significant feat in the connected domain yet. However, this being one of the key domains of E.P.I.C. mobility, we plan to increase our presence in this.

Continue to invest in technology

During Fiscal 2024, we made a significant change in our technology roadmap and aligned it with our new vision statement, which focuses on addressing the megatrends of E.P.I.C. in the broader mobility sector.



New product development is crucial to our growth strategy as a product engineering company. We seek to be forward-thinking and anticipate paradigm shifts in EVs, which in turn can help us invest strategically in R&D. We aim to capture the growth trend in revenue realization per component with increasing electrification by continuously investing in R&D to develop and deliver new and innovative systems and components.

In our driveline business, our product journey began with differential bevel gears, expanding into differential assemblies, final drive differential assemblies, and many other products for electric vehicles. In 2019, we acquired Comstar Automotive, which, at that time, had motor products exclusively for internal combustion engines (“ICE”), which helped us become an EV focused motor solutions provider. In Fiscal 2019, over 60% of its income came from the sale of goods of ICE dependent products. This became our motor business, in which we made significant R&D investments and progressed toward building multiple products for electric vehicles such as hub-wheel and mid-mount drive motors and motor controllers for electric two-wheelers and three-wheelers, culminating in integrated motor controller systems and further evolving into high-voltage and other mobility applications. For Fiscal 2024, more than 60% of sale of goods of the motor business was from products for BEV and hybrid applications. The integrated motor controller is another example of a breakthrough product that is compact, more efficient, and easy to install. It offers additional benefits, such as more efficient heat management, advanced communication capabilities, and reduced wiring and connectivity issues. These initiatives, alongside our efforts in the non-automotive mobility sector and the development of precision gears for industrial robots, underline our broad vision for mobility and our relentless pursuit of innovation.

Although the core of our strategy is to continue to achieve growth organically through investment in our technological capabilities, business development skills and customer relationships, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances that may provide us with complementary technologies that have a similar financial profile. With the acquisition of NOVELIC in 2023, our

portfolio is further diversified, and we continue to advance to more intelligent, connected and personalised mobility. Our focus is on building a radar solutions and semiconductor chip design business on top of one that provides engineering services in the area of radar and perception solutions, software for mobility, embedded software, and semiconductor solutions. With our equity investment in NOVELIC, we are building a portfolio of mmWave radar solutions for the intelligent mobility. Last year, we partnered with Equipmake Plc., a UK-based company, to develop a high-voltage powertrain for electric buses, commercial vehicles, and passenger vehicles. Equipmake's technology has been road-tested in various parts of the world, and we believe this partnership will expedite our foray into the target segments. This evolutionary process through organic and inorganic efforts highlights our commitment to innovation and the expansion of our product offerings and our portfolio in 59 patents (of which 28 have been granted and 31 pending) and 71 designs (of which 66 have been granted and 5 pending).

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 the sections “*Risk Factors*”, “*Use of Proceeds*”, “*Issue Procedure*”, “*Placement and Lock-up*” and “*Description of the Equity Shares*” beginning on pages 46, 76, 202, 217 and 235, respectively.

Issuer	Sona BLW Precision Forgings Limited
Face Value	₹10 per Equity Share
Issue Size	Aggregating up to ₹ 24,000 million, comprising 34,782,608 Equity Shares A minimum of 10% of the Issue Size, i.e. at least 3,478,261 Equity Shares, was made available for Allocation to Mutual Funds only, and the balance 31,304,347 Equity Shares was 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	₹699.01 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. However, our Company has offered a discount of ₹ 9.01, being equivalent to a discount of 1.29% on the Floor Price, which is not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution dated September 9, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Price	₹ 690 per Equity Share (including a premium of ₹ 680 per Equity Share)
Eligible Investors	Eligible QIBs to whom the Preliminary Placement Document and the Application Form are delivered and who are 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. FVCIs are not permitted to participate in this Issue. For further details, see “ <i>Issue Procedure – Eligible QIBs</i> ”, “ <i>Selling Restrictions</i> ” and “ <i>Transfer Restrictions and Purchaser Representations</i> ” on pages 207, 219 and 227, 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 Book Running Lead Managers, at its discretion.
Date of Board Resolution authorizing and approving the Issue	July 24, 2024
Date of Shareholders’ Resolution authorizing and approving the Issue	August 30, 2024
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance of Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see “ <i>Issue Procedure</i> ” beginning on page 202.
Dividend	For details on dividend, see section “ <i>Dividends</i> ” and “ <i>Description of the Equity Shares</i> ” beginning on pages 89 and 235, respectively.
Taxation	For details on taxation, see “ <i>Taxation</i> ” beginning on page 239.
Equity Shares issued and outstanding immediately prior to the Issue	586,472,482 Equity Shares
Subscribed and paid-up share capital prior to the Issue	₹5,864,724,820
Equity Shares issued and outstanding immediately after the Issue	621,255,090 Equity Shares
Listing	Our Company has obtained in-principle approvals from NSE and BSE, each dated September 4, 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 217.
Transferability restrictions	The 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. For further details in relation to other transfer restrictions, see, “ Issue Procedure ”, “ Selling Restrictions ” and “ Transfer Restrictions and Purchaser Representations ” beginning on pages 202, 219 and 227, respectively.
Use of proceeds	<p>The Gross Proceeds from the Issue aggregate to ₹ 24,000.00 million. 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 ₹ 305.00 million, shall be approximately ₹ 23,695.00 million</p> <p>For further details regarding the use of Net Proceeds, see “Use of Proceeds” beginning on page 76.</p>
Risk Factors	Please see “ Risk Factors ” beginning on page 46 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 September 9, 2024.
Status, ranking and Dividend	<p>The 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 <i>pari passu</i> in all respects with the existing Equity Shares, including rights in respect of voting rights and dividends declared.</p> <p>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, 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. For further details, see “Dividends” and “Description of the Equity Shares” beginning on pages 89 and 235, respectively</p>
Security codes for the Equity Shares	<p>ISIN: INE073K01018</p> <p>BSE Code: 543300</p> <p>NSE Code: SONACOMS</p>

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, Unaudited Condensed Interim Consolidated Financial Statements and Unaudited Special Purpose Interim Consolidated Financial Statements included in “*Financial Information*” beginning on pages 260, 260, 472 and 499, respectively.

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Summary of unaudited consolidated balance sheet as at June 30, 2024, June 30, 2023 and audited consolidated balance sheet for Fiscals 2024, 2023 and 2022

(₹ in million)

Particulars	As at				
	31st March 2022	31st March 2023	31st March 2024	June 30, 2023	June 30, 2024
ASSETS					
Non-current assets					
Property, plant and equipment	5,679.17	8,209.32	9,117.30	8,283.16	9,046.55
Right-of-use assets	1,514.09	1,434.42	2,397.87	1,414.07	2,310.66
Capital work-in-progress	1,408.63	693.55	946.01	838.74	1,480.18
Goodwill	1,758.09	1,758.09	3,518.31	1,758.09	3,518.31
Other intangible assets	4,889.91	4,474.31	4,471.91	4,343.40	4,324.77
Intangible assets under development	65.20	217.79	2,690.48	259.93	2,800.41
Financial assets					
(i) Investments	-	44.93	100.37	44.86	114.37
(ii) Other financial assets	64.74	92.37	110.23	80.25	109.81
Income tax assets (net)	270.23	273.03	271.61	130.48	275.80
Other non-current assets	555.32	398.26	953.29	271.21	1,044.65
Total non-current assets	16,205.39	17,596.07	24,577.38	17,424.20	25,025.51
Current assets					
Inventories	3,633.75	3,229.41	3,474.91	3,187.36	3,665.35
Financial assets					
(i) Investments	65.30	2,280.81	316.40	2,713.86	2,335.18
(ii) Trade receivables	4,451.89	6,088.52	6,482.63	5,870.09	6,035.55
(iii) Cash and cash equivalents	536.06	441.08	910.05	574.94	582.24
(iv) Bank balances other than (iii) above	236.46	257.28	1,831.59	912.47	1,622.56
(v) Other financial assets	64.59	2.91	25.53	21.66	30.25
Other current assets	764.16	702.17	1,030.64	960.74	1,344.07
Total current assets	9,752.21	13,002.18	14,071.75	14,241.14	15,615.20
Total assets	25,957.60	30,598.25	38,649.13	31,665.34	40,640.71
EQUITY AND LIABILITIES					
Equity					
Equity share capital	5,843.53	5,854.05	5,864.48	5,854.16	5,864.61
Other equity	14,159.44	17,047.95	20,638.80	18,214.09	22,142.48
Non-controlling interest	-	-	1,497.77	-	1,492.11
Total equity	20,002.97	22,902.00	28,001.05	24,068.25	29,499.20
LIABILITIES					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	437.50	486.74	292.05	438.07	243.37
(ii) Lease liabilities	696.02	659.30	1,691.73	718.24	1,625.27
(iii) Other financial liabilities	1.74	1.74	508.71	1.74	510.20
Provisions	100.44	184.56	252.60	179.14	254.83
Deferred tax liabilities (net)	883.86	876.24	1,261.19	882.32	1,248.36
Total non-current liabilities	2,119.56	2,208.58	4,006.29	2,219.51	3,882.03

Current liabilities					
Financial liabilities					
(i) Borrowings	266.20	1,687.94	2,038.54	1,993.81	2,217.99
(ii) Lease liabilities	111.76	117.92	99.01	48.15	94.99
(iii) Trade payables					
-Total outstanding dues of micro enterprises and small enterprises	387.18	471.02	519.88	374.21	481.88
-Total outstanding dues of creditors other than micro enterprises and small enterprises	1,802.56	2,018.32	2,461.17	2,108.45	2,745.24
(iv) Other financial liabilities	877.98	786.42	1,046.03	361.03	968.25
Other current liabilities	222.17	243.67	308.63	267.15	389.99
Provisions	105.61	54.29	77.01	79.68	81.82
Current tax liabilities (net)	61.60	108.09	91.53	145.09	279.32
Total current liabilities	3,835.07	5,487.67	6,641.80	5,377.58	7,259.48
Total liabilities	5,954.63	7,696.25	10,648.08	7,597.09	11,141.51
Total equity and liabilities	25,957.60	30,598.25	38,649.13	31,665.34	40,640.71

Summary of unaudited consolidated statement of profit and loss for the three months period ended June 30, 2024, June 30, 2023 and audited consolidated statement of profit and loss for Fiscals 2024, 2023 and 2022

(₹ in million)

Particulars	For the year ended			For the three months period ended	
	For the year ended 31st March 2022	For the year ended 31st March 2023	For the year ended 31st March 2024	For the three month period ended 30th June 2023	For the three month period ended 30th June 2024
Income					
Revenue from operations	21,096.78	26,550.10	31,847.70	7,313.84	8,911.77
Foreign exchange gain (net)	209.62	205.85	0.12	7.85	18.56
Other income	200.26	115.88	239.48	53.63	69.57
Total income	21,506.66	26,871.83	32,087.30	7,375.32	8,999.90
Expenses					
Cost of materials consumed	9,892.03	11,795.48	14,058.29	3,237.16	3,824.21
Changes in inventories of finished goods and work-in-progress	(436.45)	404.15	(316.94)	(84.30)	(36.40)
Employee benefits expense	1,688.77	1,803.54	2,501.34	491.33	760.59
Finance costs	182.57	169.27	257.98	53.37	86.16
Depreciation and amortisation expense	1,419.65	1,780.04	2,202.25	510.56	606.27
Other expenses	4,571.04	5,794.61	6,584.16	1,643.71	1,870.32
Total expenses	17,317.61	21,747.09	25,287.08	5,851.83	7,111.15
Profit before exceptional items and tax	4,189.05	5,124.74	6,800.22	1,523.49	1,888.75
Exceptional item	(132.70)	33.69	87.16	28.43	-
Profit before tax	4,321.75	5,091.05	6,713.06	1,495.06	1,888.75
Tax expense					
- Current tax	893.93	1,178.54	1,566.51	372.79	483.52
- Tax related to previous years	(134.62)	(33.37)	(27.91)	0.06	-
- Deferred tax (credit)/charge	(52.98)	(7.09)	(3.30)	1.85	(11.91)
Total tax expense	706.32	1,138.08	1,535.30	374.71	471.61
Profit for the period/year	3,615.43	3,952.97	5,177.76	1,120.35	1,417.14
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Changes in fair values of equity instruments carried at fair value through other comprehensive income	-	(40.05)	-	-	-
Remeasurements (losses)/gains on defined benefit plans	(15.57)	2.34	(23.37)	0.57	(5.86)
Income tax relating to above mentioned item	3.92	(0.60)	5.89	(0.15)	1.48
<i>Items that will be reclassified to profit or loss</i>					
Exchange difference on translation of foreign subsidiaries	40.35	100.35	36.61	2.15	(33.01)
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge	-	17.12	11.75	51.60	30.71
Income tax relating to above mentioned item	-	(4.34)	(2.96)	(13.04)	(0.93)
Other comprehensive income for the period/year	28.70	74.82	27.92	41.13	(7.61)
Total comprehensive income for the period/year	3,644.13	4,027.79	5,205.67	1,161.48	1,409.53
Profit attributable to:					
a) Owners of the parent	3,615.43	3,952.97	5,172.67	1,120.35	1,419.53
b) Non-controlling interests	-	-	5.09	-	(2.39)
Other comprehensive income attributable to:					
a) Owners of the parent	28.70	74.82	22.70	41.13	(4.34)
b) Non-controlling interests	-	-	5.22	-	(3.27)
Total comprehensive income attributable to:					
a) Owners of the parent	3,644.13	4,027.79	5,195.37	1,161.48	1,415.18
b) Non-controlling interests	-	-	10.31	-	(5.65)
Earnings per equity share of face value of ₹ 10 each					
Earnings per share (Basic) (in ₹)	6.22	6.76	8.83	1.91	2.42
Earnings per share (Diluted) (in ₹)	6.21	6.75	8.83	1.91	2.42

Summary unaudited consolidated cash flow statement for the three months period ended June 30, 2024, June 30, 2023 and audited consolidated cash flow statement for Fiscals 2024, 2023 and 2022

(₹ in million)

Particulars	For the year ended			For the three months period ended	
	For the year ended 31st March 2022	For the year ended 31st March 2023	For the year ended 31st March 2024	For the three month period ended 30th June 2023	For the three month period ended 30th June 2024
A. Cash flows from operating activities					
Profit before income tax	4,321.75	5,091.05	6,713.05	1,495.06	1,888.75
<i>Adjustments for:</i>					
Depreciation and amortisation expense	1,419.65	1,780.04	2,202.25	510.56	606.27
Loss/(Profit) on sale of property plant and equipment (net)	8.75	(0.61)	2.00	1.11	0.61
(Reversal)/Allowance for doubtful receivables	4.45	43.84	(46.19)		
Share based payments	66.60	30.18	158.85	4.35	88.15
Unwinding of discount on fair valuation of security deposits	(1.34)	(1.34)	(1.35)	(0.35)	(0.44)
Provision for slow moving inventory	10.61	11.01	6.24	0.31	0.29
Fair value loss on derivatives	117.33	60.11	(11.68)	(72.13)	23.33
Amortisation of transaction cost based on effective interest rate	10.12	-	-	-	-
Provision for warranty	-	20.04	42.13	5.61	10.08
Unwinding of discount on deferred payment liabilities	0.91	-	27.74	-	11.89
Profit on sale of investments	-	-	-	-	(19.68)
Finance costs	172.32	161.20	251.72	51.92	84.04
Interest income	(179.21)	(112.46)	(209.17)	(52.48)	(37.18)
Unrealised foreign exchange (gain)/loss (net)	(72.05)	(17.93)	(11.07)	20.62	(13.84)
Operating profit before working capital changes	5,879.91	7,065.13	9,124.52	1,964.58	2,642.27
Changes in working capital					
Movement in inventories	(598.38)	434.82	(214.29)	42.22	(192.81)
Movement in trade receivables	(213.28)	(1,553.28)	(387.79)	185.51	435.53
Movement in financial assets	82.25	36.86	(41.18)	(6.44)	(5.04)
Movement in other assets	(194.57)	81.80	(724.40)	(248.96)	(245.17)
Movement in trade payable	(21.35)	306.11	354.64	(8.41)	267.17
Movement in financial liabilities	(1.20)	28.34	104.96	(17.56)	(93.40)
Movement in provision	12.55	12.87	170.29	15.13	(37.92)
Movement in other liabilities	43.53	22.71	93.42	20.93	93.33
Cash generated from operations	4,989.48	6,435.36	8,480.17	1,947.00	2,863.96
Direct taxes paid	(543.67)	(1,102.47)	(1,552.66)	(202.99)	(300.50)
Net cash flow generated from operating activities - Total (A)	4,445.81	5,332.89	6,927.51	1,744.01	2,563.46
B. Cash flows from investing activities					
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(3,472.13)	(3,352.41)	(3,195.31)	(768.35)	(1,086.30)
Proceeds from sale of property, plant and equipment	33.93	1.56	4.07	0.54	2.44
Fixed deposits created during the period/year	(2,224.11)	(2,741.75)	(4,858.54)	(1,425.38)	(565.71)
Fixed deposits matured during the period/year	2,013.92	2,719.69	3,274.01	775.05	704.20
Sale/(Purchase) of current investment (net)	(65.27)	(2,207.57)	1,966.94	(431.42)	(1,930.21)
(Purchase) of Non-current investment	-	(79.48)	(2,110.41)	-	(14.00)
Interest received	179.21	30.91	204.03	46.33	42.30
Net cash (used) in investment activities - Total (B)	(3,534.45)	(5,629.05)	(4,715.21)	(1,803.23)	(2,847.28)
C. Cash flows from financing activities					
Proceeds from short term borrowings (net)	(898.02)	1,333.92	195.15	268.75	176.74
Repayment of long term borrowings	(2,505.67)	(12.50)	(100.76)	(6.25)	(48.67)
Proceeds from long term borrowings	450.00	150.00	-	-	-
Repayment of deferred payment liabilities	(21.04)	-	(27.74)	-	(11.89)
Repayment of lease liabilities	(24.38)	(35.25)	(61.03)	(11.82)	(72.41)
Interest paid on lease liabilities	(76.99)	(77.51)	(87.24)	(18.97)	(37.25)
Dividend paid	(449.95)	(1,199.27)	(1,792.94)	-	-
Net proceeds from issue of equity shares (including securities premium)	3,040.75	40.34	40.00	0.42	0.49
Expense related to capital raising	(59.26)	-	-	-	-
Increase in investment by minority shareholders	-	-	260.02	-	-
Interest paid	(92.03)	(12.28)	(172.92)	(33.55)	(45.65)
Net cash flow (used) in/ generated from financing activities - Total (C)	(636.60)	187.45	(1,747.46)	198.58	(38.64)
D. Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	274.76	(108.71)	464.84	139.36	(322.46)
E. Cash and cash equivalents at the beginning of the year	249.48	536.06	441.08	441.08	910.05
F. Effect of exchange differences on cash and cash equivalents	11.81	13.73	4.14	(5.50)	(5.35)
G. Cash and cash equivalents at the end of the period/year (D)+(E)	536.06	441.08	910.05	574.94	582.24

Cash and cash equivalents as per above comprise of the following					
Balances in current accounts	480.60	200.23	555.94	289.57	481.14
Cash on hand	0.14	0.08	0.10	0.16	0.15
Cheque on hand	53.17	-	2.29	-	-
Bank deposits with original maturity of less than three months	2.15	240.77	351.72	285.21	100.95
Balances per statement of cash flows	536.06	441.08	910.05	574.94	582.24

RELATED PARTY TRANSACTIONS

For details of the related party transactions during: (i) Fiscal 2024; (ii) Fiscal 2023; (iii) Fiscal 2022; (iv) for the three months ended June 30, 2024; and (v) for the three months ended June 30, 2023, as per the requirements in accordance with Ind AS notified under the Ind AS Rules read with Section 133 of the Companies Act, see “*Financial Information – 2024 Audited Consolidated Financial Statements - Related party disclosure*”, “*Financial Information – 2023 Audited Consolidated Financial Statements - Related party disclosure*”, “*Financial Information – 2022 Audited Consolidated Financial Statements - Related party disclosure*”, “*Financial Information – Unaudited Condensed Interim Financial Statements - Related party disclosure*” and “*Financial Information – Unaudited Special Purpose Interim Consolidated Financial Statements - Related party disclosure*” on pages 314, 389, 459, 488 and 510, respectively.

RISK FACTORS

The Issue and an investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares.

*We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties are not the only risks relevant to us, or the Equity Shares or the industry and the segments in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. Furthermore, some events may be material collectively rather than individually. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled “**Industry Overview**”, “**Our Business**”, “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” and “**Legal Proceedings**” on pages 124, 166, 91 and 252, respectively, as well as other information contained in this Placement Document.*

In making an investment decision, you must rely on your own examination of us and the terms of the Issue, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

*This Placement Document also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” beginning on pages 166 and 91, respectively. For details, see “**Forward-Looking Statements**” on page 18.*

Furthermore, unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Audited Consolidated Financial Statements included in this Placement Document on page 259.

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “**Assessment of the Automotive Market in India, North America, Europe and China**” dated August 2024 (the “**CRISIL Report**”) prepared and released by CRISIL has been commissioned by us exclusively in connection with the Issue. Neither we, nor any of the BRLMs, nor any other person connected with the Issue has verified any information in the CRISIL Report. Unless otherwise indicated, all financial information derived from the Audited Consolidated Financial Statements and operational, industry, and other related information included in this section with respect to any particular year, refers to such information for the relevant financial year.*

Risks Relating to Our Business and Industry

- 1 Our business is dependent on the performance of the automotive sector globally, including in our key markets such as North America, Europe, India and Asia (excluding India). Any adverse changes in the conditions affecting these markets can adversely impact our business, results of operations and financial condition.**

Our business is dependent on the performance of the automotive sectors across global geographies such as in North America, Europe, India and Asia (excluding India). We design, engineer, manufacture and supply our systems and components for both electrified and non-electrified powertrain segments across all vehicle categories such as PV, CV and OHV, both in the Indian and overseas markets, and electric two and three wheelers in the Indian market. For Fiscal 2024, we derived 39.4% (₹12,149.18 million), 24.6% (₹7,594.90 million), 28.3% (₹8,723.99 million), and 5.4% (₹1,657.58 million) of our income from sale of goods with end-use in North America, Europe, India and Asia (excluding India), respectively. We are therefore exposed to fluctuations in the performance of the overseas and Indian automotive markets.

Additionally, the automotive market in India may perform differently, and be subject to market and regulatory developments that are dissimilar to the automotive markets in other parts of the world. According to the CRISIL Report, India's car market is still highly underpenetrated compared to most developed economies and developing countries, such as China Brazil and Mexico. We cannot assure you that the demand for our products in India or elsewhere will grow, or will not decrease, in the future.

Furthermore, our operations are cyclical because our sales are directly dependent on the level of automotive production globally and affected by inventory levels of automotive manufacturers, which has been characterized historically by significant periodic fluctuations in overall demand for vehicles to which we supply products, resulting in corresponding fluctuations in demand for our products. The length and timing of any cycle in the vehicle industry cannot be predicted with certainty. For example, we cannot predict when manufacturers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. Production and sales of the vehicles for which we supply products may be affected by, among other things, a variety of other factors that are beyond our control, including changes in government policies, changes in consumer demand, product mix shifts favoring other types of vehicles, fuel prices, vehicle electrification, economic conditions, demographic trends, employment and income levels and interest rates, disruptions in the automotive supply chain, vehicle age, labor relations, regulatory requirements, credit availability and cost of credit, interest rates and general economic and industry conditions. In the past, we have experienced sales declines during the manufacturers' scheduled shutdowns or shutdowns resulting from unforeseen events. There is no assurance that global automotive sales will continue to recover or not decrease further.

Reduced demand in the market segments we currently supply, deterioration in the automotive market, continued uncertainty and other unexpected fluctuations or change in regulations, customs, taxes or other barriers or restrictions adversely affecting the automotive market could therefore have a material adverse impact on our business, results of operations and financial condition.

2 *Negative publicity about our brand, or our inability to protect any of our intellectual property, including misappropriation, infringement or passing off of our intellectual property rights or failure to obtain our patents or failure to keep our technical knowledge confidential could have impact on our business and in turn on results of operation or financial condition and cash flows.*

We invest extensively in our intellectual properties, brands and obtain registration with the relevant authority thereof, from time to time, and expect to continue doing the same. Our portfolio of brands, among others, comprise of "Sona BLW", "Sona", "Sona Comstar", and "Comstar". See "***Our Business – Intellectual Property***" on page 179. Any negative publicity about our brand(s) could affect our brand value and, in turn, our ability to attract and/or retain customers.

Some of our applications for registration of our device marks under Classes 7, 12 and 35 have been opposed by a third party. There can be no assurances that these applications will be successful or that we will be able to register these marks. Any unauthorized use of our intellectual property rights by third parties could adversely affect our reputation. Some unrelated third parties have also registered mark "Sona" under various classes. We may be required to resort to legal action to protect our intellectual property rights, which may strain our resources and divert the attention of our management.

We have initiated legal proceedings before the High Court of Delhi against certain parties, for unauthorized use of the "SONA" brand and have, among other things, sought for a permanent injunction restraining such persons from using the trademark/trade name/logo "SONA". The matter is currently pending.

We have also filed applications for patents and designs covering a variety of our products across various product lines globally. We have been granted 28 patents, including 21 patents in India, five patents in USA, one patent in China and one patent in the United Kingdom and await 31 patents which are pending for approval in India and other foreign jurisdictions, including three patents under international patent applications, filed under the Patent Cooperation Treaty, and currently under review by the World Intellectual Property Organization. We have been granted 66 designs in India and await five pending design registrations in India. Our applications may be opposed, or our competitors may have filed similar patent applications or may own patents relating to products or process that compete with those that we are developing or are seeking to protect. Our efforts in obtaining our patents may be costly and/or unsuccessful.

We cannot assure you that we will be granted patent or design that we apply for, in a timely manner, or at all. Even if we successfully obtain the patent or design for our pending application, third parties may challenge, seek

to invalidate or circumvent our patent/design and patent/design application. Although we may defend our patent rights, there can be no assurance that our action will be successful. Moreover, patent/design litigation may be costly and unpredictable.

Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent/design registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run. Certain proprietary knowledge may be leaked, either inadvertently or wilfully. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, our employees may leave us and join our various competitors or form a competing business. Although we may seek to enforce non-disclosure agreements in respect of R&D and certain other key employees, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure and non-solicitation agreements with a number of our customers, suppliers and employees but we cannot assure you that such agreements will be enforceable or successful in protecting our technical knowledge. The potential damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the automotive components sector could be negated. If a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive, futile or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

3 *Our business depends upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significantly adverse impact on our business. The discontinuation or 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 adversely affect our business and results of operations.*

We derive a significant portion of our revenue from our top ten customers. On average, income from sale of goods to our top ten customers represent at least 75% of our total income from sale of goods for the past three] Fiscals. Loss of all or a substantial portion of sales to any of our top ten customers for any reason (including, due to loss of contracts or failure to negotiate acceptable terms in contract renewal negotiations, loss of market share of these customers, lack of commercial success of key parts that we manufacture, disputes with customers, adverse change in the financial condition of such customers, including due to possible bankruptcy or liquidation or other financial hardship, merger or decline in their sales, reduced or delayed customer requirements, plant shutdowns, labor strikes or other work stoppages affecting production by such customers and/or, continued reduction of prices to these customers) will have an adverse impact on our business, results of operations, financial condition and cash flows. These customers may demand price reductions, set off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in house, replace us with our competitors, or replace their existing products with alternative products which we do not supply. There can be no assurance that we will not lose all or a portion of sales to these customers, or that we will be able to offset any reduction of prices to these customers with reductions in our costs or by obtaining new customers.

Furthermore, under the engineering statement of work, our customers provide us with program specific sourcing confirmations, including specific part numbers, volume projections of their requirements for the specific program, program life and supply locations. As our orders are linked to specific vehicles/models and are not generally interchangeable with other models/vehicles, 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 reduce our sales and affect our estimates of anticipated sales, which could in turn have an adverse effect on our business and results of operations. We are also exposed to the risk of failure by our customers to successfully launch new programs in a timely and cost-efficient manner which could adversely affect our results of operations.

4 *We have undertaken and may continue to undertake strategic investments, acquisitions and collaborations (including in overseas locations) in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.*

We have invested and may continue to invest in business entities and even pursue acquisitions and strategic alliances that may enable us to achieve our growth objectives or provide us with complementary technologies, particularly in the automotive and non-automotive mobility sector. However, there are risks and uncertainties

related to these investments and acquisitions, including the risk of failure of these business entities, financial risks, risks related to integrating enterprise resource planning systems and failure to successfully integrate and fully realize the expected benefits of such acquisitions, collaborations or partnerships. The success and timing of any such present or future investments will depend on a variety of factors, many of which are not within our control. If we engage in investments or acquisitions, we may finance these transactions by borrowing or issuing additional debt or equity securities. The agreements entered into under such acquisition transactions typically include reciprocal obligations as well as representations and warranties, along with indemnity obligations of the transferor for any liabilities arising in connection with breaches of such representations and warranties, which will cause us to pay for remedies if there is any breach. The additional debt from any such investments or acquisitions, if consummated, could increase our debt to capitalization ratio. In addition, the ultimate benefit of any such investment or acquisition would depend on our ability to successfully integrate the acquired entity or assets into our existing business and to achieve any projected synergies, which is a significant challenge. The consummation of certain acquisitions and amalgamations may require approvals and consents from regulatory authorities and other third parties which we may not receive in a timely manner or at all.

Furthermore, assessing a potential investment or growth opportunity involves extensive due diligence. However, the amount of information we can obtain about a potential investment or growth opportunity can be limited, and we can give no assurance that such future business ventures, acquisitions, and strategic alliances will not adversely affect our financial performance or will perform as planned. Our inability to successfully achieve the levels of organic and inorganic growth from our strategic initiatives could adversely impact our results of operations and financial condition.

5 *Our Company may not realize all of the revenue expected from our new and incremental business backlog and does not have firm commitment agreements with customers.*

The amount of our sales to the customers, including the realization of future sales from awarded business or obtaining new business or customers, is subject to a number of risks and uncertainties, including the accuracy of customer estimates relating to the number of vehicles to be produced and sold and the timing of such production. We typically participate in a rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for information or request for quote for securing business. There is no assurance in relation to the sales volumes and revenue that any awarded program will generate for us. Furthermore, our customers may delay or cancel a development program that has been awarded. Since we do not have firm commitment or long term supply agreements with our customers, and instead rely on letters of intent, purchase orders, statements of work and customer schedules to govern the volume and other terms of the development program and sales, which may be amended or cancelled prior to finalization, we may not have any recourse in the event of an unexpected delay or cancellation of a development program. Volume projections given to us by our customers are based on a number of economic and business factors, variables and assumption, some or all of which may change or may not be accurate. Accordingly, our order book and growth projections are not necessarily an accurate indication of what our actual sales and revenues from such orders will be, nor does it purport to project our results of operations, financial position or cash flows for any future period or date.

Furthermore, our purchase orders with customers are generally open-ended in terms of period and quantity to be supplied. Pursuant to the purchase order, our customers provide program specific delivery schedules throughout the period of the program with specific delivery dates. There is no commitment on the part of the customer to continue to place new work orders with us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences or the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model or program or platform. Our customers may terminate their arrangements with us for cause or otherwise with notice, and in certain cases have no liability to pay or reimburse for lost profits, unabsorbed overhead, capital investment made by us, product development and engineering costs, facilities and equipment rental and other related costs such as penalties or administrative charges incurred directly or indirectly by our Company in connection with cancelled orders. In addition, we do not have exclusive contracts with some of our large customers, which puts us at risk of being replaced. Accordingly, we may not in fact realize all of the future sales represented by our awarded business. Any failure to realize substantially all the revenue from these sales and our new and incremental business backlog, could have a material adverse impact on our business, cash flows, financial condition and results of operations.

6 *Development of our technologically advanced systems and components involves a lengthy and expensive process with uncertain timelines and uncertain outcomes. We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative impact on our competitive position.*

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

Our total expenditure on R&D during previous fiscals demonstrates our commitment to R&D; in the last three fiscal years, we spent ₹1,966.40 million, representing 2.5% of our total revenue from operations in this period. We have also established digital simulations, testing and validation facilities located at three R&D centers in India. We cannot assure you that the investments we have made in R&D will yield satisfactory results in terms of improved products, or will yield any results at all. Despite our investments in this area, our R&D efforts may not result in the discovery or successful development of new and innovative systems and components. There can also be no assurance that the new or improved product will be commercially successful and meet the price expectations of our customers. Furthermore, we also cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products.

7 *We may not be successful in implementing our growth strategies.*

The success of our business depends on our ability to effectively implement our business growth strategies. Our focus is building a long-term business with a solid foundation and strong emphasis on being at the forefront of technological innovation, and we take a proactive approach to the future of transportation and sustainability. See “*Our Business*” on page 166, for details on our growth strategies. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers.

As part of our growth strategy, we plan to increase the EV share of our revenue. We have various development programs for supply of our systems and components to EV manufacturers across North America, Europe, China and India, of which regular production is yet to commence for some programs. Our income from the sale of goods to the BEV market has shown growth in the recent fiscals, however, the market for electric vehicles is relatively new, rapidly evolving, and characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements and consumers’ willingness to adopt electric vehicles. A decline in the trend towards electrification driven by changing consumer preference or any change in government policy, laws and regulations that reduces or eliminates support for electrification of vehicles, resulting in lower demand for electrical vehicles and consequently a significant reduction in production of electric vehicles could have an adverse effect on our sales to EV OEMs and lead to a decline in our earnings from the EV market.

In addition to increasing our EV presence, we are also working towards increasing our global market significance, diversifying our revenue mix as well as investing in technology. We expect our growth strategies to place significant demands on our management and other resources and require us to continue developing and improving

our operational, financial and other internal controls. We may not be successful in implementing our growth strategies due to various factors, including failure to adapt to rapidly evolving technological changes, anticipate and accurately assess potential growth opportunities and new markets and effectively allocate resources and capital investment in a timely and cost-effective manner to capitalize on such opportunities, attract new customers, obtain sufficient financing for our expected capital expenditures, control input costs, effectively manage our internal supply chain, manufacturing processes and operations and costs related to R&D and maintain sufficient operational and financial controls. We may also not be successful in implementing our goals due to factors beyond our control, including shift in customer preferences towards products that we are unable to manufacture, change in business and spending plans of our customers with whom we have collaborated to produce new and innovative systems and components or downturn in the global economic, financial and market conditions resulting in decline in demand for our products.

Our inability to effectively manage the expansion of our business and execute our strategies effectively, could adversely affect our business, results of operations and financial condition.

8 *We rely on the skills and experience of our directors, Key Managerial Personnel and Senior Management and the loss of any of these team members or the inability to attract and retain qualified personnel could have a material adverse effect on our business operations.*

Our future success is significantly dependent upon the continued efforts and service of our directors, Key Managerial Personnel and Senior Management. Should any of them leave our Company, there is no assurance that we will be able to find suitable replacements for such directors, Key Managerial Personnel and Senior Management in a timely manner or at all and implement a smooth transition of responsibilities to any newly appointed management personnel. This could affect our operations resulting in a decline in the performance of our business.

We are a technology driven company with significant focus and investment in our in-house R&D capabilities. The future success of our investments in innovation will depend upon, among other factors, our ability to continue to attract and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop technologically advanced systems and components and support key customers and products. The scarcity of labor in certain employment areas makes it difficult to hire the employees needed to increase production. If we lose the services of any member of our key management or other skilled personnel, we may not be able to locate suitable or qualified replacements, which could adversely affect our business and growth.

Our rapid growth also requires us to continue to attract, hire and retain a wide range of qualified, experienced and skilled personnel at all levels of our business and operations who can adapt to a dynamic, competitive and challenging business environment. Competition for skilled personnel in the automotive component manufacturing industry is intense, and we may need to offer a more attractive compensation and other benefits package, including share-based compensation, to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. The loss of the services of our executive officers or other key associates, unexpected turnover, or the failure to attract, retain or motivate key management and experienced, skilled and capable personnel could impact the progress of our product innovation, development, launch and production operations and have a material adverse effect on our results of operations and financial condition.

9 *Pricing pressure from customers may affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition.*

Pursuing cost-cutting measures while maintaining rigorous quality standards may lead to an erosion of our margins, which may have a material adverse effect on our business, results of operations and financial condition. In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Accordingly, suppliers must be able to reduce their operating costs in order to maintain profitability. Such price reductions may affect our sales and profit margins. If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be materially adversely affected.

Our customers also negotiate for larger discounts in price as the volume of their orders increase. To maintain our profit margins, we focus on developing new systems and components, the benefits of which support stable or increased prices. In addition, we seek price reductions from our suppliers, improved production processes to increase manufacturing efficiency and streamlined product designs to reduce costs.

There can be no assurance that we will be able to avoid future customer price reductions or offset the impact of any such price reductions through continued technology improvements, improved operational efficiencies, cost-effective sourcing alternatives, new manufacturing processes, cost reductions or other productivity initiatives, which may adversely affect our business, financial condition and results of operations.

10 *We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations.*

Due to the nature of, and the inherent risks in, the agreements and arrangements with our customers, we are subject to counterparty credit risk and a significant delay in receiving large payments or non-receipt of large payments may adversely impact our results of operations. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. There is no assurance that we will accurately assess the creditworthiness of our customers. Furthermore, 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, insolvency or bankruptcy, 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 may experience delays in the collection of, or be unable to collect, our customer balances, which could adversely affect our results of operations and cash flows. We are also dependent upon the market for financing, and the inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition. We had and may continue to have high levels of outstanding receivables. As at March 31, 2024, our trade receivables have constituted 20.4% of our revenue from operations. If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

11 *If we are unable to anticipate, identify, understand and respond timely to rapidly evolving technological and market trends and preferences and develop new products to meet our customers' demands and to adapt to major changes and shifts in the automotive market, our business may be materially adversely affected.*

The automotive markets in which we operate are undergoing significant technological changes, with increasing focus on, among other things, electrification of vehicles, development of hybrid vehicles, advanced driver assistance and software defined vehicle technologies. Our results of operations and financial condition are impacted, in part, by our competitive advantage in developing, engineering and manufacturing innovative and/or improved products. Our ability to anticipate changes in technology, successfully develop, engineer, and bring to market new and innovative and/or improved products, or successfully respond to evolving business models (including electric vehicle advances), may have a significant impact on our market competitiveness. Maintaining our competitive position is dependent on our ability to develop commercially-viable products that support the future technologies adopted by our customers and meet our customers' demands in a timely manner. Furthermore, unexpected advances in a given technology in the market or difficulties encountered in developing a new technology internally, could prevent us from seizing opportunities relating to technological breakthroughs and as a result could impact our competitive positioning, growth and profitability. 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 our systems and components to operate properly. If we are unable to maintain our competitive advantage through innovation or if we do not sustain our ability to meet customer requirements relative to technology or acquire new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, our business, financial condition and results of operations could be materially adversely affected.

12 *Our business faces substantial competition from other manufacturers and other competitors.*

We compete globally with a number of other automotive component manufacturers and distributors that produce and sell products similar to ours. Technology, price, design, quality, delivery, engineering development and

program launch support are the primary elements of competition in our markets. Our competitors include manufacturing facilities controlled by OEMs, as well as many other independent domestic and foreign suppliers.

In other instances, we also sell to and collaborate with our competitors to develop automotive systems and components, which may adversely affect our competitive situation. In addition to traditional competitors in the automotive sector, the trend towards advanced electronic integration and electrification has led to an increase in the significance of technology to our current and future products and the amount of capital we need to invest to develop these new technologies, as well as an increase in the amount of competition we face from technology focused new market entrants. A number of our competitors are larger than we are, and some competitors have greater financial and other resources than we do and other economic advantages as compared to our business, such as patents, existing underutilized capacity, lower labor costs, lower health care costs, lower tax rates and, in some cases, export or raw materials subsidies. As a result of these competitive pressures and other industry trends, OEMs and suppliers are developing strategies to reduce costs. These strategies include supply base consolidation, OEM in-sourcing and global sourcing. Our OEM customers may change their outsourcing strategy due to various reasons, resulting in change in our position from a single source supplier for certain systems and components to some customers to becoming a dual source supplier for such customers. Some of our major OEM customers also manufacture products for their own uses that directly compete with our products.

Increased competition could adversely affect our business. In addition, any of our competitors may foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at a cost that is lower than our cost, or adapt more quickly than we do to new technologies or evolving customer requirements. As a result, our products may not be able to compete successfully with our competitors' products, and we may not be able to meet the growing demands of customers. If we misjudge the amount of capital to invest or are otherwise unable to continue providing products that meet our customers' needs in this environment of rapid technological change, our market competitiveness could be adversely affected. For further details on our performance metrics as compared to our competitors in the automotive market, see, "*Industry Overview*" on page 124.

13 *Growth of the Electric Vehicle market depends on the development and maintenance of the required charging infrastructure. Lack of availability of, and access to relevant and adequate charging infrastructure, will result in a slowdown in the increasing trend towards vehicle electrification, which may impact our ability to capture the growth opportunity in the Electric Vehicle market.*

The growing trend towards vehicle electrification and faster adoption of EVs among consumers, is dependent on the availability of, access to, convenience and cost-effectiveness of relevant and adequate infrastructure and facilities required for EV charging as well as requisite support for development and maintenance of charging infrastructure. Governments across different jurisdictions have initiated proactive measures to expedite this transition, while automobile manufacturers have increased their involvement in the EV sector.

If the initiatives taken by various Governments around the world to encourage creation of EV charging infrastructure is not successful, government spending towards EV purchase incentives and creation of charging infrastructure may decline, resulting in a slowdown in the trend towards faster vehicle electrification due to limited and expensive charging infrastructure. This will reduce the demand for our automotive systems and components specifically for EV OEMs, resulting in a decline in our earnings from the EV markets, which could adversely affect our business and results of operations.

14 *Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political conditions. Breach of applicable laws and regulations, including those related to environmental, health and safety regulations could adversely affect our business, operations and reputation.*

The markets and customers we serve are subject to substantial government regulations, which often differ by state, region and country. We have ten manufacturing and assembly facilities across India, China, Mexico and USA, of which six are located in India. We also have eight warehouses, of which, five are located in India, one in USA and two across Germany and Belgium and digital simulation, testing and validation facilities located at three R&D centers in India and one in Serbia. For details, see "*Our Business*" beginning on page 166.

Our operations are subject to various domestic and foreign laws and regulations governing, among other things, noise control, emissions to air (including scope 3 emissions), discharge to waters and the generation, handling,

storage, transportation, treatment and disposal of waste and other materials, environmental concerns (including concerns about global climate change and its impact such as greenhouse gas emissions), fuel economy standards, health and safety of employees, labor and accounting laws, foreign trade and investment, import and export license requirements and tariffs and taxes and intellectual property enforcement issues. 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, the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016, the Plastic Waste Management Rules 2016 in order to establish and operate our manufacturing facilities in India. These government regulatory requirements could also significantly affect our customers by altering their global product development plans and substantially increasing their costs, which could result in limitations on the types of vehicles they sell and the geographical markets they serve. Any of these outcomes could adversely affect our financial condition and results of operations.

We believe that our operations and manufacturing facilities have been, and are being, operated in compliance, in all material respects, with such laws and regulations. However, 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 or our operations may be temporarily shut-down pending such compliance. Occurrence of any such events could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that we will not incur significant costs or liabilities in the future in order to comply with evolving laws and regulations, including environmental, health and safety laws, regulations or other pertinent requirements that may be adopted or imposed in the future by governmental authorities. We do not carry any insurance to cover environmental liabilities in India and in the foreign jurisdictions where we operate.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements, import and export license requirements, and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. There is no assurance that cost increases resulting from trade policies and tariffs will not adversely impact our profitability. Our sales may also be adversely impacted if tariffs are assessed directly on the products we produce or on our customers' products containing content sourced from us. In addition, political activities within the countries where we conduct business, could also adversely impact our ability to operate in those countries.

If we are unable to comply with any applicable domestic or foreign laws, our business, results of operations and financial condition could be adversely affected.

15 *Our international operations are subject to a number of risks inherent in operating in these foreign jurisdictions.*

We have manufacturing facilities and assembly plants and warehouses across US, Mexico, China, Germany and Belgium and sell our products in various countries outside India. We derive a majority of our income from sale of goods with end-use in the overseas market. Our international operations are subject to a number of risks inherent in operating abroad. We have significant exposure in foreign currencies like U.S. Dollar, Euro, Chinese Renminbi, Mexican Pesos, Serbian Dinar and Japanese Yen on account of our export revenue, international operations and imports of materials, capital goods and services. Accordingly, we are exposed to foreign currency risks that arise from our business transactions denominated in foreign currencies and investments done in foreign jurisdictions. Since our local reporting currency is Indian Rupees, we are also subject to currency translation risk as all foreign currency transactions including sales, purchases and expenses are translated into Indian rupees for the purposes of our consolidated financial statements. We are also required to translate the financial statements of our foreign subsidiaries in USA, Hongkong, Mexico, China, Serbia, Romania, and North Macedonia to Indian Rupees.

In accordance with "Accounting Standard 21 – Consolidated Financial Statements" issued by Institute of Chartered Accountants of India, at the time of conversion of the financial statements of the foreign subsidiary during the consolidation process, line items of the profit and loss account are converted using an average exchange rate for the period or year under consideration except for opening and closing stock, which are converted at the opening and closing exchange rate respectively, whereas items of the balance sheet are converted using the closing exchange rate for the period or calendar year under consideration. Fluctuations in foreign currency exchange rates against the Indian Rupee may have an adverse effect on our reported revenues and financial results because of variations in the exchange rate prevailing in the previous comparative period and also affect the value of our

foreign assets and liabilities denominated in foreign currency and the relative prices at which we and our foreign competitors sell products in the same markets.

While we hedge a significant part of our net foreign currency transaction exposure estimated on a rolling 12 months' forward basis to help mitigate certain of these risks and reduce the effects of fluctuations in exchange rates on our results of operations, our efforts to manage these risks may not be successful and we may still incur losses on account of fluctuations in exchange rates. According to the currency hedging policy approved by our Board, we are required to hedge 75% of our net foreign currency exposure on the basis of projected foreign currency collections and payments for the next 12 months.

We also file income-tax returns in and are subject to tax laws in foreign jurisdictions in which we have a presence and are subject to examinations of these income tax returns by the relevant tax authorities. Changes in tax laws and treaties or tax rates, the resolution of tax assessments or audits by various tax authorities and our inability to fully utilize any tax loss carry forwards and tax credits could adversely affect our results of operations. In addition, our international operations are exposed to risks related to restrictive governmental actions and laws and policies of India and foreign governments affecting trade, foreign investment and loans (such as restrictions on transfer and repatriation of funds and trade protection measures, including import and export duties, licensing requirements, quotas, customs duties and tariffs) and compliance with local laws in foreign jurisdictions in which we have a presence.

There can be no assurance that these risks and other adverse developments in the economic conditions of any of the markets in which our Company and its customers are present, particularly US, Europe and China, will not have a material adverse impact on our ability to increase or maintain our foreign sales or on our business, financial condition and/or results of operations.

16 *The geographical concentration of our manufacturing facilities may restrict our operations and adversely affect our business and financial conditions.*

Due to the geographic concentration of our manufacturing plants in India, our operations are susceptible to local and regional factors, such as accidents, system failures, civil unrest as well as other adverse social, economic and political events in India, weather conditions, natural disasters, regional conflicts and demographic and population changes, and other unforeseen events and circumstances. We have a tool and die shop, which is only situated in Gurugram in India and caters to the production needs of all our manufacturing facilities. Any damage or destruction of or interruption of activities or capacity constraints in our tool and die shop will result in a temporary disruption of our manufacturing abilities for gears and differential assembly business resulting in delays in shipments of such systems and components.

In addition, our assembly plants in Mexico and USA mostly manufacture automotive components for one of our top ten customers. As a result, any disruption or damage or stoppage of work in our plants in Mexico, China and USA may severely affect our ability to meet the demands of this customer and the loss of this customer or a significant reduction in demand from this customer could have an adverse effect on our business, financial condition and results of operations.

17 *We depend on third parties for the supply of raw material and delivery of certain products. A disruption in the supply of components and raw materials or failure of our suppliers to meet their obligations could impact our production and increase our costs.*

We are dependent on third party suppliers for our raw materials and certain components used in the manufacture of our products. Although we purchase most of the commodities used in our manufacturing process from more than one supplier, we typically source components and assemblies for a particular part number from a single supplier. Accordingly, we are exposed to the risk of inadequate capacity leading to temporary production allocation or disruption of supplies for such components and assemblies which are procured for a single supplier. There is no assurance that if we experience a disruption of supplies, we will be able to source such commodities from alternative suppliers on similar commercial terms and within a reasonable timeframe. For certain key critical components such as drive assemblies, solenoid assemblies, machined steel components, carbon brushes assemblies and magnets required for manufacturing of our starter motors, we are dependent primarily on a limited number of suppliers in China, which cannot be replaced easily. If the available supply of such parts is insufficient to meet the needs of our business or if there is an interruption in supply from our Chinese suppliers, including due to any unanticipated outage, shutdown and/or suspension of production at their facilities, change in political relationship between India and China or implementation of laws and policies impacting our relationship with our

Chinese suppliers, our ability to manufacture and sell our starter motors could be limited due to such sudden shortage of parts in the market which could result in order cancellations for our starter motors and have an adverse effect on our business and results of operations.

We select suppliers based on total value (including total landed price, quality, delivery, and technology), taking into consideration their production capacities and financial condition and expect that they will deliver in accordance with our quality standards and comply with their contractual obligations with us. However, there can be no assurance that capacity limitations, industry shortages, labor or social unrest, weather emergencies, commercial disputes, government actions, riots, wars, sabotage, cyber-attacks, non-conforming parts, acts of terrorism, “Acts of God” such as fire, earthquake, floods, natural disasters and other events beyond human control, financial or operational instability of suppliers or other problems that our suppliers experience will not result in occasional shortages or delays in their supply of components to us. We are also dependent upon the ability of our suppliers to meet performance and quality specifications and delivery schedules. The inability of a supplier to meet these requirements, the loss of a significant supplier, or any labor issues or work stoppages at a significant supplier could disrupt the supply of raw materials and parts to our facilities, preventing our Company from delivering to its customers, or cause returns of products under warranty or product recalls. This would have a material adverse impact on our customer relations, reputation and business and also generate additional costs for our Company such as exceptional transportation costs and costs related to finding alternative suppliers within constrained timelines which could adversely impact our financial condition.

We also use third parties for the deliveries of finished and unfinished products from our manufacturing facilities and warehouses to our domestic and overseas customers as well as between production facilities. Transportation strikes have in the past and could in the future have an adverse effect on our supplies and deliveries to and from particular plants on a timely and cost-efficient basis. An increase in freight costs or the unavailability of adequate port and shipping infrastructure for transportation of our products to our markets may have an adverse effect on our business and results of operations. Furthermore, we are also exposed to risks associated with various modes of transportation. While delivery of components to customers within India is generally shipped by road or rail, the majority of our shipments to China, Europe and USA are by sea and subject to risks associated with sea shipping that are beyond our control, such as damage or loss of containers due to shipwreck, mishandling of our shipment at port or at sea, damage during transportation, loading and unloading, damage due to moisture, accidental fires and bad weather conditions, theft at sea, delay in customs clearance and other factors. The occurrence of all or any of the above factors will result in delays in deliveries to our customers which could further cause a shutdown in our customer’s production processes and adversely affect our reputation, business and results of operations. While we have obtained insurance to cover such risks, which is in line with industry practice, our insurance policies may not be adequate to cover fully all potential risks or damages related to delivery and transportation of our systems and components. See “***Risk Factors – Risks Relating to Our Business and Industry – Our insurance may be insufficient to cover all losses associated with our business operations.***” below.

18 *Our business could be adversely affected by volatility in the price or availability of raw materials, components and sub-assemblies, utilities and natural resources and transportation costs.*

Our Company uses a variety of raw materials and commodities (including aluminium, copper, nickel, plastic resins, steel, other raw materials and energy) and materials purchased in various forms such as peeled alloy steel bars, aluminium castings, steel forgings, magnets, steel and brass stampings, and plastic components in the production of our components. There is no certainty that the cost or availability of such raw materials and commodities or in the cost or availability of utilities and natural resources remain stable.

We have historically passed the increase in costs of some of the raw materials on to our customers. 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. Customers may also challenge such increased costs. The discontinuation or lessening of our ability to pass through transportation or raw material costs or otherwise mitigate these cost increases or obtain adequate supply of raw materials, utilities and natural resources could adversely affect our business. Supply interruptions may also be caused by suppliers intentionally withdraw capacity from the market to control prices. This may also be true of our transportation carriers and energy providers. If these supply interruptions occur, our business, financial condition and results of operations could be adversely affected.

19 *We have significant power, water and fuel requirements and any disruption to power or water sources could increase our production costs and adversely affect our results of operations.*

We require substantial power, water and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

We purchase utilities for our operations in India and overseas from the local utility companies in the jurisdictions in which we operate. In India, we also purchase utility from third party suppliers, where costs are less than purchasing directly from the state electricity boards. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Interruptions of electricity supply can result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

20 *We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims.*

We are subject to strict quality standards imposed by our customers, applicable to our manufacturing processes. Failure by us or one of our component suppliers to achieve or maintain compliance with these requirements or quality standards may disrupt our ability to supply products sufficient to meet our customers' demands until compliance is achieved. Failure to comply with applicable quality standards could also result in our products failing to perform as expected or alleged to result in bodily injury or property damage or both due to product failure, work accidents, fire or explosion, if our products are defective or are used incorrectly by our customers (or by their customers, who are the end-users), exposing us to warranty, product recall or field action and product liability claims. Under the product warranties provided by us to certain key customers, we may be required to indemnify or bear the costs and expenses for the repair or replacement of these defective products. In addition to warranty claims relating directly to products we produce, potential product recalls for our customers and their other suppliers, and the potential reputational harm that may result from such product recalls, could have a material adverse impact on our results of operations and financial condition. A recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and have an adverse impact on our results of operations.

21 *A failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity or non-compliance with data protection, privacy or information security related Indian or foreign laws, could adversely impact our business and operations.*

We rely on the capacity, reliability and security of our IT systems and infrastructure in our operations. These include procurement, production, distribution, billing, reporting and consolidation software, as well as new product design and development. IT systems are vulnerable to disruptions, including those resulting from natural disasters, cyber-attacks or failures in third-party-provided services. Cybersecurity risks can include breaches of confidentiality, loss of integrity and/or availability of the data and/or transactions processed by the information systems (system malfunction, data theft, data destruction and loss of data integrity). These may result from external (denial of service, hacking, malware) or internal (tampering, breach of data confidentiality) threats. In addition, we face threats in relation to onboard systems and products, in their design phase and also in their operational and service phases, as the case may be.

A large-scale IT malfunction or interruption of one or more of our IT systems or cyber-attacks on our network could compromise the security of our systems and our ability to protect our networks and the confidentiality of sensitive data which may lead to tempering with or theft of our design drawings, proprietary design software, computer simulation software, testing software and other trade secrets, information relating to our intellectual property or business strategy, and data of third parties, including our employees and customers, resulting in production downtimes, lost revenues, inappropriate disbursement of funds and both internal and external supply shortages. Some cyber-attacks depend on human error or manipulation, including phishing attacks or schemes that use social engineering to gain access to systems or carry out disbursement of funds or other frauds, which raise the risks from such events and the costs associated with protecting against such attacks. In addition, we may be required to incur significant costs to protect against damage caused by such attacks or disruptions in the future or failure by us to comply with Indian or foreign laws and regulations, including laws and regulations regulating privacy, data protection or information security. These could cause significant damage to our reputation, disruption of our operations, result in a loss or damage to our data or an inappropriate disclosure of confidential

information, affect our relationships with our customers, suppliers and employees, lead to legal claims, proceedings or actions against our Company, liability or regulatory penalties under Indian or foreign laws protecting the privacy of personal information and ultimately adversely affect our business.

Although we have implemented security policies, processes, and layers of defense designed to help identify and protect our systems and data from current and emerging technology threats and damage from intentional and unintentional misappropriation or corruption of our systems and information due to computer viruses, unauthorized access, cyber-attack and other similar disruptions, we have been, and likely will continue to be, subjected to such attacks or disruptions. Furthermore, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT and/or ERP systems may lead to inefficiency or disruption of IT system thereby adversely affecting our ability to operate efficiently.

22 *Any misappropriation or infringement of intellectual property rights of others could harm our business.*

While we take care to ensure that we comply with the intellectual property rights of others, unintentional infringement by us on any existing third party intellectual property rights may force us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Certain trademarks applied for by us have also been objected to. We cannot assure you that we will be able to obtain the registrations in a timely manner or at all. If claims or actions are asserted against us, we may be required to obtain a license, modify our existing technology or cease the use of such technology and design a new non infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. The settlement of any claim or action against us, or legal proceedings in relation to such disputes 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.

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. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers.

23 *Any shutdown of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our business, results of operations and financial condition.*

Our manufacturing facilities are subject to operating risks and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or any other events beyond our control:

- forced or voluntary closure of manufacturing plants, including as a result of regulatory inspections;
- problems with supply chain continuity, including as a result of natural or man-made disasters at one of our facilities or at a suppliers or vendors' facility;
- manufacturing shutdowns, breakdown or failure of equipment, performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;
- labor disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply;
- shortage of qualified personnel;
- changes in applicable local and international laws and regulations impacting our manufacturing facilities where we operate;
- changes in political relationships between India and the countries in which we have set-up manufacturing and assembly plants, impacting our facilities where we operate;

- failure or bottlenecks in production processes, especially if we are unable to obtain adequate supply of utilities such as power and water or inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing plant outages, wastage or yield losses or otherwise; and
- other problems including, limits to our manufacturing capacity due to failure of our customer to set-up their plants or assembly lines properly resulting in loss of sale and revenue from such customer.

The assembly lines of our customers rely on the timely delivery of our components and our ability to provide an uninterrupted supply of our products is critical to our business. In addition, certain of our customers may impose significant penalties on us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our business and financial results may be adversely affected by any disruption of operations at our manufacturing facilities, including as a result of any of the factors mentioned above, resulting in reduced production and reduced sales. This may also lead to loss of business and/or loss of customer which could further impact our business adversely.

24 *We regularly work with hazardous materials and activities in our operation can be dangerous, which could cause injuries to people or property.*

Our operations are subject to operating risks associated with auto-component manufacturing, including related to handling and storage of raw materials used in our manufacturing processes. Our varnishing operations and heat treatment processes involve handling of heated billets, gears and forging dies and hazardous materials such as methanol, acetylene and nitrogen, which can cause accidents during the forging process resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties and the properties of others. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems;
- inclement 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. The loss or shutting down of our facilities could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. 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 facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

25 *Any disruption to the steady and regular supply of workforce for our operations, including due to strikes, work stoppages or increased wage demands by our workforce or any other kind of disputes with our workforce or our inability to control the composition and cost of our workforce could adversely affect our business, cash flows and results of operations.*

As of March 31, 2024, we had 1,672 on-roll and 3,002 off-roll employees, of which 163 employees are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations. While we consider our relationship with our employees to be good, we could experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations.

Our Company also appoints independent contractors who in turn engage on-site contract labor for performance of certain of our ancillary operations in India. Although we do not engage these laborers directly, it is possible under Indian law that we may be held responsible for wage payments to laborers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our results of operations. Furthermore, pursuant to the provisions of the Contract Labor (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract laborers as our employees. Any such order from

a court or any other regulatory authority may adversely affect our business, cash flows and results of operations. Work stoppages due to strikes or other events could result in slowdowns or closures of our operations which could have an adverse effect on our business, cash flows and results of operations. These disruptions could severely impact our ability to maintain regular production schedules and meet customer demands. In Fiscal 2024, we implemented contingency plans to mitigate production disruptions and maintain operational continuity from the United Auto Workers strikes in the USA. However, there is no guarantee that such contingency plans will be effective against any further future disruptions.

26 *The availability of counterfeit products, such as products passed off as our systems and components by others, could adversely affect our goodwill and results of operations.*

Entities in India and abroad could pass off their own products as ours, including counterfeit or pirated products. Certain entities could imitate our brand name, packaging materials or attempt to create look alike products. As a result, our market share could be reduced due to replacement of demand for our systems and components and deficiency in the quality of the counterfeit products will adversely affect our goodwill. We have also invested in our systems and components to distinguish it and to prevent counterfeit versions of our products from being distributed in the markets. The proliferation of counterfeit and pirated products, and the time and attention lost to defending claims and complaints about counterfeit products could have an adverse effect on our goodwill and our business, prospects, results of operations and financial condition could suffer.

27 *Our Statutory Auditors have included an audit qualification in their audit report on consolidated financial statements in relation to our erstwhile subsidiary, Sona Holdings B.V., The Netherlands (“SONA BV”) for the year ended March 31, 2020 and March 31, 2021.*

Our Statutory Auditors have included an audit qualification in relation to our consolidated financial statements for Fiscals 2020 and 2021 for the matter stated below, while mentioning that it does not have any effect on our consolidated profit and equity attributable to the owners for Fiscal 2021. The qualification states that due to the unavailability of the consolidated financial statements of SONA BV and its subsidiaries (“**SONA BV Group**”) for the period from April 1, 2019 to July 4, 2019, the consolidated financial information of SONA BV Group for the period from April 1, 2019 to July 4, 2019 has not been included in our consolidated financial statements for Fiscal 2020, and the assets and liabilities of SONA BV Group have been derecognized at their respective carrying values as at March 31, 2019 instead of July 4, 2019. This is because 81% shareholding in SONA BV, which was classified as a “discontinued operation” in the consolidated financial statements for Fiscal 2019, was sold to Sona Autocomp on July 4, 2019, and consequently, our Company, did not exercise control over Sona BV from July 5, 2019. Our Statutory Auditors have stated in their audit opinion that this accounting treatment is not in compliance with the requirements of Ind AS 110 – Consolidated Financial Statements and had the consolidated financial statements of the Company been prepared after considering the consolidated financial statements of SONA BV Group for the period April 1, 2019 to July 4, 2019, the “Profit or Loss from discontinued operations” would have been higher and “Exceptional Item” would have been lower by the same amount. However, it would have had no effect on our consolidated profit for the year ended March 31, 2020 and equity attributable to our owners on that date. The qualification also states that in absence of necessary financial information, owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of the management of the Company, substantiated by multiple communications over electronic mail, our Company was unable to obtain the audited consolidated financial statements of SONA BV for the period from April 1, 2019 to July 4, 2019 until the date of the auditor’s report of the consolidated financial statement. See, “**Legal Proceedings – 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**” on page 254.

Investors should consider such qualification in evaluating our financial condition, results of operations and cash flows. There can be no assurance that audit reports or examination reports for any future fiscal periods will not contain such qualifications or other adverse remarks.

28 *Our Company, Directors and Subsidiaries may be involved in certain legal proceedings and potential litigation. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.*

Our Company, Directors and Subsidiaries may, from time to time, be involved in legal proceedings. For instance, Shradha Suri, one of our Directors, has a pending direct tax claim, of a non- ascertainable amount, pending against

her. For further summaries of outstanding litigation in relation to our Company, Directors and our Subsidiaries as on the date of this Placement Document have been provided in accordance with the materiality policy adopted by our Board in “*Legal Proceedings*” on page 252.

29 *We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations.*

We are required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals to carry out our business and at each of our manufacturing facilities. A majority of these approvals, including the consent to establish and operate under environmental laws, are granted for a limited duration and require renewal from time to time. While we apply for the required approvals as and when required, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

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

30 *The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure.*

We have entered into several borrowing facilities of varying terms and tenures. The financing agreements governing such facilities include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain transactions, including among other things, prepaying existing debt, declaring dividends, creating pledge over shares of our Company, amending our constitutional documents, and changing our capital structure, shareholding pattern or management.

We cannot assure you that we will be able to obtain approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants in the future. An inability to comply with the repayment conditions or any other covenants may result in a default by us under the terms of any financing agreement and may also trigger a cross-default under some of our other financing agreements, or any other agreements or instruments of our containing cross-default provisions, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay its debts when they fall due. For details of our borrowings, see “*Financial Information*” on page 259.

31 *We have substantial capital expenditure and working capital requirements and may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain required additional capital and financing when needed.*

Our business is capital intensive. As such, a significant amount of our working capital is required to finance the purchase of materials and the performance of designing, manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

We may also need to raise additional capital from time to time, dependent on business requirements. Any additional equity financing may result in dilution to the holders of the Equity Shares. Furthermore, additional debt financing may impose affirmative and negative covenants that restrict our freedom to operate our business, including covenants that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- limit our flexibility in raising capital in the form of debt or equity;

- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit us from formulating any scheme of amalgamation or reconstruction, merger or demerger; and
- limit us from entering into borrowing arrangements with other banks or financial institutions.

We cannot guarantee that we will be able to obtain additional capital, including through financing on terms that are acceptable to us, or any financing at all, and the failure to obtain sufficient financing could adversely affect our business operations.

32 *Our insurance may be insufficient to cover all losses associated with our business operations. There can be no assurance that any claim under the insurance policies will be honored fully, in part, or on time.*

We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. Our insurance policies currently cover breakdowns, failure or substandard performance of equipment, cyber-attacks, third party liability claims, labour disturbances, accidents, employee fraud and infrastructure failure, as well as fire, theft, burglary, earthquake, flood, acts of terrorism and other force majeure events. As of the date of this Placement Document, we have 100% or more insurance coverage of book value of all our fixed assets and inventories. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. Moreover, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. For example, insurance may not be available or may only partially reimburse for losses related to operational failures or cyber-attacks. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected. For further risks relating to the impact on our business due to inadequacy of insurance coverage for product liability, see “*Risk Factors – We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims*” above.

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

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud and data breach. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate or may not be effective over time, due to evolving business conditions and dynamic threats perception. There can be no assurance that additional 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.

34 *This Placement Document discloses information from the CRISIL Report which is a paid report and commissioned 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.*

Certain sections of this Placement Document include information based on, or derived from, the CRISIL Report. We commissioned the CRISIL Report for the purposes of confirming our understanding of the industry in connection with the Issue. The CRISIL Report has been prepared based on information as of specific dates and may no longer be current or reflect current trends. The CRISIL Report may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Placement Document based on, or derived from, the CRISIL Report. You should consult your own advisors and undertake an independent assessment of information in this Placement Document based on, or derived from, the CRISIL Report before making any investment decision regarding the Issue. See “*Industry Overview*” on page 124.

Furthermore, information regarding market position, growth rates and other industry data pertaining to our businesses contained in this Placement Document also consists of estimates based on data reports compiled by professional organisations and analysts, data from other external sources and our knowledge of the markets in which we compete. Our Company has not independently verified third-party statistical and industry related data obtained from CRISIL and, therefore, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other industry publications. 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 analyses and estimates, so we rely on internally developed estimates. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof or the industry data as mentioned above as included in this Placement Document, when making their investment decisions.

35 *We have certain contingent liabilities that have been disclosed in our financial statements, which if they materialize, may adversely affect our results of operations, cash flows and financial condition.*

Our business is subject to a variety of contingent liabilities that arise from ordinary operational activities, including but not limited to, legal, contractual, and other claims. Contingent liabilities are disclosed for possible obligations that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control. If our contingent liabilities become actual liabilities and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future. For details, see “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingent Liabilities*” on pages 259 and 119, respectively, for more information.

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

We propose to utilise the proceeds for the purposes described in “*Use of Proceeds*” on page 76. The funding requirements are based on internal management estimates and current conditions which are subject to changes due to changes in external circumstances, costs, other financial condition 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. Our proposed deployment of proceeds has not been appraised by any bank or financial institution or any other independent agency or the BRLMs and is based on management estimates. 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. We have appointed CRISIL as the monitoring agency for monitoring the utilization of proceeds in accordance with Regulation 173A of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations. Furthermore, the application of the 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 proceeds to achieve profitable growth in our business.

37 *In the event that our net proceeds to be utilized towards strategic initiatives and organic and inorganic growth initiatives are insufficient, we may have to seek alternative forms of funding. Further, the deployment of net proceeds towards such strategic initiatives and organic and inorganic growth initiatives may not take place within the period currently intended and may be reduced or extended.*

We continuously look to pursue strategic investments and organic and inorganic growth opportunities, as set forth in “*Use of Proceeds*” beginning on page 76. Pursuant to our overall strategy to continue scaling our business, we intend to keep pursuing strategic initiatives and acquisitions which are complementary to our business and which will enhance our product capabilities. We propose to utilize a portion of the net proceeds aggregating to ₹8,400.00 million towards pursuing strategic initiatives and organic and inorganic growth opportunities. The timing and amount of net proceeds to be used will be at our management’s discretion. The amounts deployed towards such

initiatives may not be the total value or cost of such acquisitions or investments, resulting in a shortfall in raising the requisite capital from the net proceeds towards such acquisitions or investments. We may have to seek alternative forms of funding. The deployment of the net proceeds may also not take place within the period currently intended and may be reduced or extended.

As of the date of this Placement Document, our Company has not entered into any definitive agreement for investment or acquisition for which it intends to utilize net proceeds. The actual deployment of funds will depend on a number of factors, including (i) economic and business conditions; (ii) increased competition; and (iii) business and strategy; and (iv) other commercial considerations.

38 *We have in the past entered into related party transactions and may continue to do so in the future. Any future transactions with our related parties could also potentially involve conflicts of interest.*

We have entered into certain transactions with related parties, including with respect to the payment of remuneration of certain of our Directors and our Key Managerial Personnel, reimbursement of expenses to our Promoters and purchase and sale of goods from other related parties. We may continue to enter into related party transactions in the future. While in terms of the Companies Act, 2013 and the SEBI Listing Regulations, certain related party transactions require Audit Committee and shareholders' approval, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Additionally, any future transactions with our related parties could potentially involve conflicts of interest. For details of the related party transactions and as reported in the Audited Consolidated Financial Statements, see "***Financial Information – 2024 Audited Consolidated Financial Statements – Note 37 Related party disclosures***", "***Financial Information – 2023 Audited Consolidated Financial Statements - Note 37 Related party disclosures***" and "***Financial Information – 2022 Audited Consolidated Financial Statements - Note 37 Related party disclosures***", on pages 314, 389 and 459, respectively.

39 *Majority of our immovable properties, where our manufacturing units 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.*

Some of our business operations are being conducted on premises leased from third parties. The tenure of the leases is generally agreed in the relevant lease agreements and in some cases are subject to renewal after the agreed period of time. The term of lease agreements for our manufacturing and assembly facilities ranges from 84 months to 1,140 months with restricted right to terminate the leases available with the lessors in majority of leases, subject to lock-in period and option of renewals in terms of the lease agreements available to the Company. While there are currently no instances of non-compliance of the terms of our lease agreements, there can be no assurance that there will be no such non-compliance leading to termination of such leases in the future. Any change in the terms and conditions of the lease agreements and any premature termination of such lease agreements may have an adverse impact on our operations. For details on location of properties, see "***Our Business – Our Operations – Manufacturing locations***" on page 175.

Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or any inability to renew such agreements on acceptable terms may also affect our operations. In addition, the terms of certain of our leases require us to obtain the lessor's prior consent for certain actions, including making structural alterations to the leased premises, which may be required if we were to undertake an expansion in the future. There can be no assurance that we will be able to renew these leasing arrangements at commercially favorable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting to new premises, all of which may adversely affect our business operations.

40 *We are entitled to certain tax benefits in respect of certain of our manufacturing facilities and in-house Research and Development centers. These tax benefits are available for a definite period of time, which, on expiry or if withdrawn prematurely, may adversely affect our business, financial condition, results of operations and prospects.*

We are entitled to certain benefits in respect of some of our manufacturing facilities. For example, all components and capital goods imported for our manufacturing unit in Chennai are exempt from payment of GST and customs

duty as our Chennai manufacturing unit enjoys the status of a 100% export-oriented unit (“**EOU**”). If our Chennai unit loses the EOU status either by way of a change in law or the business model (with domestic sales exceeding exports by more than 50%), we will be required to pay customs duty and GST upfront relating to the import of our components and capital goods for our unit in Chennai. We may be able to claim refund on the GST paid upfront against purchase of raw materials and components as input tax credit and the refund on customs duty as ‘duty drawback’ only after exports. This will result in additional cash outflows which could impact our cash flows, financial condition and results of operations.

For further details, please see “**Taxation**” on page 239.

Our profitability will be affected to the extent that such benefits will not be available beyond the periods currently contemplated. Our profitability may be further affected in the future if any of such benefits are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the requisite conditions in order to avail ourselves of each of these benefits. In the event that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, financial condition, results of operations and prospects may be materially adversely affected.

41 *Discontinuance or non-availability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.*

Our Company currently enjoys certain fiscal benefits on account of policies of the GoI, including concessions under the Export Promotion Capital Goods Scheme (the “**EPCG Scheme**”) of the GoI. The EPCG scheme allows import at zero custom duty and requires the importer to export equivalent to six times of duty saved on capital goods. Such equivalent amount is required to be fulfilled within six years from the date of issue of authorization. A 50% export obligation is required to be fulfilled within the first four years with the remaining 50% within the next two years. Non-fulfilment of such obligations may result in confiscation of capital goods imported under this scheme and other penalties as set out in this scheme. In the event of any default under the EPCG Scheme, our results of operations may be adversely affected. As we seek to export a larger proportion of our systems and components outside India, any changes in the policies of the GoI could have a material adverse effect on our results of operations and financial condition.

The GoI has announced the Production Linked Incentive Scheme (“**PLI Scheme**”) through which various industries, including the automotive industry, would benefit from incentives to enhance manufacturing capabilities and exports. We have received PLI certifications for some of our products, such as wheel rim integrated with hub motor and traction motor, however, there is no assurance that the GoI or the state governments will give effect to such incentives in future which may, in turn, materially and adversely affect our business, financial condition and results of operations. Further, if we fail to meet the requirements of the PLI Scheme, we will no longer be eligible for any benefits.

42 *We have in this document included certain non-GAAP financial measures and certain other key performance indicators related to our operations and financial condition. These non-GAAP measures and key performance indicators may vary from any standard methodology that is applied by other companies in our industry and therefore may not be comparable.*

Certain non-GAAP financial measures and certain other key performance indicators relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. These non-GAAP financial measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows. We compute and disclose such non-GAAP financial measures and other key performance indicators relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate businesses in our industry. However, these non-GAAP financial measures and other key performance indicators relating to our operations and financial performance are not standardised terms, may not be comparable to financial measures and key performance indicators of similar nomenclature that may be computed and presented by other companies in our industry.

External Risks

43 *Changing regulations in India could lead to new compliance requirements that are uncertain.*

The regulatory and policy environment in which we operate is evolving and is subject to change. The government of India (“GoI”) may implement new laws or other regulations and policies that could affect the automobile or manufacturing industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Furthermore, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Any changes to such laws, may adversely affect our business, financial condition, results of operations, cash flows and prospects:

Recently, the Finance (No.2) Act, 2024 was enacted which provides that the capital gains arising from the sale of listed equity shares shall be subject to tax at the rate of 12.5%. The Finance (No.2) Act, 2024, also has introduced new income tax slabs, an increase in standard deduction and an increase in the deduction available in respect of private sector employer’s contribution to the National Pension Scheme from 10% to 14% of the salary of the concerned employees.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, 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 impact the viability of our current business or restrict our ability to grow our business in the future. Furthermore, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

44 *A downgrade in credit ratings of India, may affect the trading price of the Equity Shares.*

Our borrowing costs and our access to the 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 and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business, results of operations, financial condition, cash flows and the price of the Equity Shares.

45 *Political changes, natural disasters and other macroeconomic factors could adversely affect economic conditions in India.*

Our Company is incorporated in India and the majority of its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India’s various neighboring countries;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighboring countries;

- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

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

46 *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any slowdown in the Indian economy, or future volatility in global commodity prices, could adversely affect the growth of our India business.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, United Kingdom, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

Economic downturn and adverse credit market conditions, whether in response to global trade wars or other factors, may negatively impact us and our customers and suppliers. In addition, our and our customers' and suppliers' access to capital and funding sources, cost of capital and ability to meet liquidity needs could be adversely affected in a prolonged economic downturn or deterioration in the global economies, which in turn could have a material adverse impact on our business, cash flows, financial condition and results of operations.

47 *If inflation rises in India, increased costs may result in a decline in profits.*

Inflation rates in India have been volatile in recent years, and such volatility may continue. India has experienced high inflation in the recent past. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. 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 clients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Furthermore, 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.

48 *Significant differences exist between Ind AS and other accounting principles, such as Generally Accepted Accounting Principles in India, International Financial Reporting Standards and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.*

Our financial statements are prepared in accordance with Ind AS. Ind AS differ in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors outside India may be familiar. No attempt has been made to reconcile any information given in this Placement Document to any other principles or to base it on any other standards. If our financial statements were to be prepared in accordance with such other accounting principles, our financial condition, results of operations and cash flows may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons unfamiliar with Ind AS and other Indian accounting principles on the financial information presented in this Placement Document should accordingly be limited.

49 *We are exposed to risks relating to the processing of personal data.*

As part of the Group's daily operations, we process large amounts of personal sensitive information relating to its employees, directors, vendors, customers and other stakeholders. Our operations are accordingly subject to data protection laws in multiple jurisdictions, including the General Data Protection Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (“GDPR”) and the Digital Personal Data Protection Act, 2023 of the GoI.

During Fiscal 2024, we updated our data privacy framework in compliance with the general data protection regulations across all its locations and subsidiaries. We also established an information security policy to protect against the cyber security and data privacy risks and ensure appropriate procedures to mitigate these risks in a timely manner. The approach is based on the International Standard ISO/IEC 27001 Information Security Management. However, there can be no assurance our security procedures concerning personal data will be successful in preventing the disclosure or processing of personal data contrary to applicable legislation. Moreover, there is a risk that computer or network failures may lead to the loss of personal data or other information. Non-compliance with data protection and privacy laws could result in significant administrative sanctions, reputational damage, as well as liability claims from our customers, our employees, or others affected by unlawful data processing. If we fail to comply with GDPR or other data protection laws, this could have a negative impact on our activities, financial position and results.

50 *Our business and activities may be regulated by the Competition Act, 2002 and any breach thereof may invite sanctions.*

The Competition Act prohibits any anti competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India.

The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India (“CCI”). Any breach of the provisions of Competition Act, may attract substantial monetary penalties.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Furthermore, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, financial condition and results of operations.

51 *Our ability to raise foreign capital may be constrained by Indian law.*

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

Risks Relating to The Equity Shares And The Issue

52 *We cannot guarantee payment of dividends on the Equity Shares in the future.*

While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section titled “*Dividends*” on page 89, the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, we may not declare dividends on the Equity Shares. Additionally, we may, in the future, be restricted by the terms of our loan agreements to make any dividend payments unless otherwise agreed with our lenders.

53 *Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.*

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax (“**STT**”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares 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 be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Historically, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Furthermore, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

54 *Investors may have difficulty in enforcing foreign judgments against our Company or our management.*

The enforcement by investors of civil liabilities, including the ability to affect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that our Company is incorporated under the laws of India. A substantial portion of the assets of our Company are located in India. As a result, it may be difficult for investors to effect service of process upon our Company outside India, or to enforce judgments obtained against our Company outside India which are predicated upon civil liabilities of our Company under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state or territory within the United States. The recognition and enforcement of foreign judgments in India is governed by Sections 13 and 44A of the Civil Code, which provide that a suit must be brought in India within three years from the date of the judgment sought to be enforced. However, Section 44A of the Civil 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 similar nature or in respect of a fine or other penalty and shall in no case include an arbitration award, even if such award is enforceable as a decree or judgment. While

the United Kingdom and Singapore have been declared by the GoI to be reciprocating territories for the purposes of Section 44A of the Civil Code, the United States has not been so declared. A judgment of a court in a jurisdiction, which is not a reciprocating territory, may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. Generally, there are considerable delays in the disposal of suits by Indian courts. 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. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the Foreign Exchange Management Act, 1999 (“FEMA”) to repatriate any amount recovered. Any judgment in a foreign currency would be recovered in that foreign currency converted at the rate of conversion into Indian Rupees prevailing on the date of the judgment and not on the date of the payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

55 *Holders of Equity Shares could 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 is required to offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity 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 resolution. However, if the law of the jurisdiction that you are in, does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

56 *A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.*

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

57 *Rights of shareholders of companies under Indian law 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 widespread as shareholders’ rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

58 *Investor’ ability to acquire and sell Equity Shares offered in this Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.*

No actions have been taken to permit a public offering of the Equity Shares offered in this Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For details, see “**Selling Restrictions**” on page 219. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For

details, see “*Transfer Restrictions and Purchaser Representations*” on page 227. Investors are required to inform yourself about and observe these restrictions. Our Company, our representatives and our 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.

59 *An investor will not be able to sell 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 allotment of the Equity Shares.*

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of allotment of Equity Shares allotted pursuant to the Issue, eligible Investors subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Furthermore, allotments made to FVCIs, VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to each of them, respectively including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

60 *After this Issue, the price of our Equity Shares may be volatile and you may not be able to sell the Equity Shares at or above the Issue Price.*

The Issue Price will be determined by us in consultation with the BRLMs, based on Bids received in compliance with Chapter VI of the SEBI Regulations and the provisions of the Companies Act, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. We cannot provide assurance that you will be able to resell the Equity Shares profitably. We cannot assure that an active trading market for the Equity Shares can be sustained post the Issue or that the trading price of the Equity Shares will correspond to the historically traded price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India’s fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the power generation industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Further, the trading price of our Equity Shares have been volatile in the past and for more details see “*Market Price Information*” on page 74. Each of these factors, among others, could adversely affect the price of our Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

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

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Indian Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. 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 such sale, may reduce the net proceeds received by investors. The exchange rate between the Indian Rupee and other currencies (such as, the U.S. dollar, the Euro, the Pound Sterling and the Singapore dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results. In addition, our Company’s valuation could be harmed by a devaluation of the Rupee if investors in jurisdictions

outside India analyse its value based on the relevant foreign currency equivalent of our Company's financial condition and results of operation.

62 *Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.*

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company.

Except for the customary lock-up on our Company's ability to issue equity or equity linked securities discussed in "**Placement and Lock-up**" on page 217, there is no restriction on our ability to issue Equity Shares or our major shareholders' ability to dispose-off their Equity Shares, and we cannot assure you that we will not issue Equity Shares or that any major shareholder will not dispose of, encumber, or pledge, its Equity Shares. Future issuances of Equity Shares may dilute your shareholding and may adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then current trading price of our Equity Shares. Sales of Equity Shares by our major shareholders may also adversely affect the trading price of our Equity Shares. We have also issued employee stock options to certain of our employees. To the extent such outstanding employee stock options are exercised, there will be further dilution to investors in this Issue, which may also adversely affect the trading price of the Equity Shares. For details, see "**Capital Structure**" on page 86.

63 *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 it can sell, the Equity Shares at a particular point in time.*

The price of the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all 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 the SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the stock exchanges based, amongst others, on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to, and do not, inform us of the percentage limit of the circuit breaker from time to time, and may change it without our Company's knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

64 *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of the Equity Shares between non-residents and residents and issuances of shares to non-residents by our Company are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified under applicable law. If such issuances or transfers are not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then prior approval will be required. Additionally, as per the Press Note No. 3 (2020 Series) issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**") on April 17, 2020, investments from beneficial owners in countries that share a land border with India are subject to government approval. This also applies to any change in beneficial ownership of existing or future foreign direct investments in an Indian entity, which results in the ownership falling under the aforementioned restrictions, necessitating the Government of India's approval. The Ministry of Finance further amended the FEMA Non-debt Instruments Rules on April 22, 2020, to reflect this change. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Furthermore, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India may require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the

RBI or any other Government agency can be obtained on any particular terms or at all. These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

The GoI may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the GoI 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 GoI'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.

65 *Applicants to this Issue are not allowed to withdraw or revise downwards their Bids after the Bid/Issue Closing Date.*

In terms of Regulation 179(1) of the SEBI ICDR Regulations, applicants to the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven days and up to ten days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Bid / Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid / Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

66 *Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.*

Subject to the relevant transfer restrictions, investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and 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. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner

MARKET PRICE INFORMATION

As on the date of this Placement Document, 586,472,482 Equity Shares have been issued, subscribed and are fully paid up. The face value of our Equity Shares is ₹10 per equity share. The Equity Shares are listed and are available for trading on BSE and NSE.

On September 3, 2024, the closing price of the Equity Shares on BSE and NSE was ₹699.75 and ₹700.15 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 the Stock Exchanges 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 million)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	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 million)
Fiscal 2024	705.95	Mar 28, 2024	1,914,651	1,327	418.75	April 10, 2023	589,290	248	568.97	529,202,141	299,892
Fiscal 2023	677.25	April 5, 2022	1,419,194	953	400.55	December 23, 2022	1,400,061	566	507.27	374,124,189	186,099
Fiscal 2022	822.70	December 13, 2021	4,051,746	3,307	342.30	June 30, 2021	983,870	342	607.21	558,207,342	312,253

(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 million)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	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 million)
Fiscal 2024	705.55	Mar 28, 2024	71,738	50	418.70	April 10, 2023	61,122	26	568.91	23,721,623	13,459
Fiscal 2023	676.90	April 5, 2022	97,191	65	400.75	December 23, 2022	211,925	86	507.23	240,118,675	109,951
Fiscal 2022	823.65	December 13, 2021	154,254	126	342.40	June 30, 2021	86,845	30	607.24	43,569,371	24,062

(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 the Stock Exchanges 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 million)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										volume	Turnover (₹ in million)
August 2024	715.70	August 26, 2024	1,494,572	1,056	651.35	August 6, 2024	721,444	477	679.92	28,548,309	19,503
July 2024	725.45	July 15, 2024	3,439,391	2,538	656.90	July 5, 2024	1,169,183	767	690.64	43,894,193	30,836
June 2024	664.45	June 7, 2024	843,536	556	629.05	June 21, 2024	1,369,141	867	647.36	22,617,164	14,623
May 2024	651.10	May 31, 2024	6,813,576	4,385	570.65	May 13, 2024	3,818,228	2,182	615.50	42,650,283	26,280
April 2024	684.20	April 1, 2024	1,313,357	910	625.35	April 30, 2024	2,251,053	1,417	662.63	38,125,197	25,535
March 2024	705.95	March 28, 2024	1,914,651	1,327	637.85	March 20, 2024	1,353,887	866	674.09	39,559,063	26,407

(Source: www.nseindia.com)

A. High, low and average prices are based on the daily closing prices.

1. In the case of a year, average represents the average of the closing prices of all trading days of each month presented.

2. 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 million)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										volume	Turnover (₹ in million)
August 2024	715.70	August 26, 2024	33,701	24	650.95	August 14, 2024	18,219	12	679.82	913,575	628
July 2024	725.35	July 12, 2024	163,585	119	656.75	July 5, 2024	86,630	57	690.43	1,829,547	1,277
June 2024	664.05	June 7, 2024	93,351	61	629.25	June 21, 2024	33,261	21	647.42	1,113,769	722
May 2024	650.60	May 31, 2024	82,666	53	570.50	May 13, 2024	167,587	96	615.38	2,095,558	1,278
April 2024	684.10	April 1, 2024	35,734	25	625.60	April 30, 2024	43,890	28	662.57	1,797,846	1,210
March 2024	705.55	March 28, 2024	71,738	50	637.50	March 20, 2024	42,649	27	673.92	1,477,373	986

(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 the Stock Exchanges on July 25, 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 million)	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
699.00	718.00	688.75	697.90	3,355,349	2,342	699.80	716.60	689.00	697.95	65,921	46

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

USE OF PROCEEDS

The Gross Proceeds from the Issue aggregate to ₹24,000.00 million. 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 ₹ 305.00 million, shall be approximately ₹ 23,695.00 million (the “**Net Proceeds**”).

Objects of the Issue

Subject to compliance with applicable laws and regulations, our Company intends to utilize 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. Payment of balance consideration in relation to the acquisition of Novelic;
3. Pursue strategic investments and organic and inorganic growth opportunities;
4. Purchase of fixed assets, including, equipment and machinery; and
5. General corporate purposes.

(collectively, referred to as the “**Objects**”).

Requirement of Funds

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

		<i>(in ₹ million)</i>
S. No.	Particulars	Amount
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	8,250.00
2.	Payment of balance consideration in relation to the acquisition of Novelic	715.56
3.	Pursue strategic investments and organic and inorganic growth opportunities	8,400.00
4.	Purchase of fixed assets, including, equipment and machinery	673.00
5.	General corporate purposes*	5,656.44
Total[^]		23,695.00

* The amount to be utilized 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 this 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.

Sr. No.	Particulars	Amount to be funded from Net Proceeds (in ₹ million)	Timeline for utilization of Net Proceeds
1.	Repayment /pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	8,250.00	By March 31, 2025
2.	Payment of balance consideration in relation to the acquisition of Novelic	715.56	By March 31, 2026
3.	Pursue strategic investments and organic and inorganic growth opportunities	8,400.00	By March 31, 2027

Sr. No.	Particulars	Amount to be funded from Net Proceeds (in ₹ million)	Timeline for utilization of Net Proceeds
4.	Purchase of fixed assets, including, equipment and machinery	673.00	By March 31, 2026
5.	General corporate purposes	5,656.44	By March 31, 2026
Total Net Proceeds[^]		23,695.00	

* The amount to be utilized 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, purchase orders and other commercial factors, 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 Proceeds have not been appraised by any bank or financial institution or any other independent agency or the BRLMs.**” on page 63. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market conditions, 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. 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 laws. Subject to applicable law, if the actual utilization towards the objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds.

In the event that the estimated utilization of the Net Proceeds is not completely met (in full or in part) as per the timelines set out above, due to the reasons stated above, the same shall be utilized in subsequent periods, as may be determined by our management, in accordance with applicable laws. Further, our Company may also utilize any portion of or the entire Net Proceeds, towards the aforementioned Objects, ahead of the estimated schedule of deployment specified above. Subject to applicable laws, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements. Subject to compliance with applicable laws, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements or by surplus funds available in respect of the other purposes for which funds are being raised in the Issue (except towards general corporate purposes).

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/ financial institutions. The borrowing arrangements entered into by us include, *inter alia*, term loans and working capital facilities. As of August 31, 2024, our Company’s borrowings, on a standalone basis, were ₹ 8,806.36 million and the borrowings of our Company, on a consolidated basis, were ₹ 8,862.19 million. We propose to utilize a portion of the Net Proceeds aggregating to ₹ 8,250.00 million 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 utilize 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. Further, it will reduce our debt-servicing costs and improve our debt equity ratio and enable utilization of our accruals for further investment in our business growth and expansion. Additionally, we believe that the since our debt-equity ratio 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 utilize 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 utilized from the Net Proceeds towards the repayment / prepayment, in part or in full, of certain of our outstanding loans will not exceed ₹ 8,250.00 million.

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 utilized from the Net Proceeds towards repayment and/ or pre-payment of the borrowings in full or part shall not exceed ₹ 8,250.00 million. 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.	Date of sanction letter / loan agreement	Name of the lender	Nature of the borrowing	Sanctioned amount as at August 31, 2024 (in ₹ million)	Amount outstanding as at August 31, 2024 ⁽¹⁾ (in ₹ million)	Interest rate as at August 31, 2024 (p.a.) (%)	Tenure/ Repayment schedule	Prepayment penalty ⁽²⁾	Purpose of loan or facility availed as per loan or facility documentation ⁽³⁾
1.	February 1, 2023	HDFC Bank Limited	Working capital	2,500.00	<ul style="list-style-type: none"> Fund based - 1,200 Non-fund based - 77.67 	Floating rate linked with respective T-Bill	Renewable facility in every 12 months	NIL	Working capital requirements
2.	November 19, 2022	State Bank of India	Working capital	2,000.00	<ul style="list-style-type: none"> Fund based - 1950 	Floating rate linked with 3 month T-Bill	Renewable facility in every 12 months	NIL	Working capital requirements
3.	March 9, 2023	Citibank	Working capital	1,000.00	<ul style="list-style-type: none"> Fund based - 250.00 	Floating rate linked with 1 month T-Bill	Renewable facility in every 12 months	NIL	Working capital requirements
4.	February 1, 2023	IndusInd Bank Limited	Working capital	1,000.00	<ul style="list-style-type: none"> Fund based - 780 Non-fund based - 204.49 	Floating rate linked with 3 month T-Bill	Renewable facility in every 12 months	NIL	Working capital requirements

S. No.	Date of sanction letter / loan agreement	Name of the lender	Nature of the borrowing	Sanctioned amount as at August 31, 2024 (in ₹ million)	Amount outstanding as at August 31, 2024 ⁽¹⁾ (in ₹ million)	Interest rate as at August 31, 2024 (p.a.) (%)	Tenure/ Repayment schedule	Prepayment penalty ⁽²⁾	Purpose of loan or facility availed as per loan or facility documentation ⁽³⁾
5.	September 14, 2022	JP Morgan	Working capital	750.00	• Fund based - 750	Floating rate linked with 1 month T-Bill	Renewable facility in every 12 months	NIL	Working capital requirements
6.	April 23, 2021	HDFC Bank Limited	Term loan (Capex LC as sub-limit)	2,000.00	• Fund based - 266.67 • Non-fund based - 97.55	Floating rate linked to 1 month Tbill + Spread	Upto 54 months including 18 month moratorium with quarterly repayments	NIL	Capital expenditure
7.	April 24, 2021	Citi Bank NA	Term loan (Capex LC as sub-limit)	1,500.00	• Fund based - 1,081.82 • Non-fund based - 148.16	Floating rate linked to 1 month Tbill + Spread	Upto 60 months including 12 month moratorium with quarterly repayments	NIL	Capital expenditure
8.	July 11, 2024	HDFC Bank Limited	Term loan (Capex LC as sub-limit)	2,000.00	• Fund based - 2,000	Floating rate linked to 1 month Tbill + Spread	Upto 60 months including 12 month moratorium with quarterly repayments	NIL	Capital expenditure

⁽¹⁾ Excluding total interest accrued but not due as on August 31, 2024 of ₹ 11.63 million.

⁽²⁾ Company has the option to prepay the lenders, subject to fulfilment of conditions as per facility documents.

⁽³⁾ Pursuant to a certificate dated September 4, 2024 issued by SCV & Co. LLP, Chartered Accountants, they have reported that the amounts drawn down under the aforementioned borrowings have been utilized towards the purpose for which such borrowings were sanctioned.

2. Payment of balance consideration in relation to acquisition of Novellic

Our Company entered into a framework agreement on investment and share transfer on May 29, 2023 (read with the first amendment and second amendment to the framework agreement on investment and share transfer dated July 31, 2023 and August 23, 2023, respectively), with the founder shareholders of Novellic (“**Sellers**”) pursuant to which our Company expressed its interest in investing in becoming a majority shareholder of NOVELIC d.o.o. Beograd – Zvezdera (“**Novellic**”, and such agreement, the “**Framework Agreement**”). In accordance with the Framework Agreement, our Company agreed to acquire 54% of the share capital of Novellic by: (a) acquisition of 17% of the share capital of Novellic held by each of the Sellers for an aggregate consideration of EUR 32,514,540 (“**Purchase Price**”), and (b) acquisition of new shares issued by Novellic, amounting to acquisition of 3% of the share capital of Novellic, for a consideration of EUR 7,582,620 (“**Capital Contribution**” and together with the Purchase Price, the “**Consideration**”). The Consideration was required to be paid by our Company in tranches as provided under the Framework Agreement. Our Company has made a payment of EUR 23,635,392 towards Purchase Price and RSD 49,578,770 towards Capital Contribution in September 2023 and a payment of EUR 2,959,716 towards Purchase Price and RSD 593,171,251 towards Capital Contribution in September 2024 and is

required to pay the remaining EUR 5,919,432 (i.e., ₹ 528,349,676.53*) and RSD 246,191,610 (i.e., ₹ 187,213,947.91*) on or before September 5, 2025.

*Presented as converted taking into account foreign exchange rate (a) as of September 6, 2023 for EURO, i.e., EURO 1.00 = ₹ 89.25682 and (b) as of September 11, 2023 for RSD, i.e., RSD 1.00 = ₹ 0.76044.

In relation to acquisition of share capital of Novellic, our Company and the Sellers, entered into a shareholders' agreement on August 23, 2023 (“SHA”), to govern the inter-se rights of the shareholders of Novellic, including certain rules concerning, *inter alia*, corporate governance, day-to-day operation of Novellic and disposal of shares in Novellic. Our Company has a right to appoint two members on the board of Novellic, *amongst other rights*, as provided under the SHA.

Our Company proposes to utilize an estimated amount of ₹ 715.56 million from the Net Proceeds towards the payment of the Second Tranche, which is required to be paid by our Company.

3. Pursue strategic investments and organic and inorganic growth opportunities

We look to pursue strategic investments and organic and inorganic growth opportunities and we have over the years acquired technological capabilities that have helped expand our product offerings and scale our operations. We evaluate organic and inorganic growth opportunities to fuel our growth ambitions. In the near to medium term, we may pursue acquisitions to enhance our strategic position and expand into new markets within the mobility sector in both automotive and non-automotive domains. Pursuant to our overall strategy to continue scaling our business, we intend to keep pursuing strategic investments and acquisitions which are complementary to our business, and which will enhance our product capabilities.

We continue to selectively pursue opportunities for evaluating potential targets for strategic investments, acquisitions and partnerships, that complement and enhance our product offerings, strengthen or establish our presence in our targeted markets, or enable us to gain access to technology and customer portfolio of the target entities, or benefits the development of our existing products. We have in the past completed strategic acquisitions to supplement our product offerings and integrate such acquired businesses to further strengthen our portfolio.

In Fiscal 2020, we completed the acquisition of (a) Comstar Automotive Technologies Private Limited, along with its step-down subsidiaries namely, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited, and (b) Comstar Automotive Hong Kong Limited along with its subsidiaries, namely, Comstar Automotive (Hangzhou) Co. Ltd., Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V, Comstar Hong Kong Mexico No. 1, LLC, Comestel Automotive Technologies Mexicana Ltd and Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V, in order to expand our portfolio of systems and components. We completed the acquisition of a 54% stake in NOVELIC d.o.o Beograd-Zvezdara (“Novelic”) in Fiscal 2024 and have acquired capabilities such as mmwave radar sensing and chip designing. With Novellic’s capabilities in sensors and perception solutions, we intend to expand in the area of ADAS and intelligent vehicle technologies. Further, apart from roof top solar panels in some of our plants, in Fiscal 2024, our Company has made an investment in special purpose vehicle for setting up a captive power generating facility in the state of Haryana and Maharashtra with a developer, for solar capacity of 14.85 MWp and 4.00 MWp, respectively, which will help us in generating green energy for our operations and reducing our carbon foot print. As part of our inorganic growth measures, we look to strategically acquire businesses that offer products and technologies similar to ours that help us expand our product portfolio and improve performance of our existing products. We intend to seek attractive inorganic opportunities that we believe will fit well with our strategic business objectives and growth strategies.

We believe that we have significantly benefitted from the acquisition undertaken by us in the past. The table below summarizes the key acquisitions that we have undertaken in the past 10 years:

Year	Entity Acquired	Acquisition price (in ₹ million)	Mode of funding	Benefits
Fiscal 2024	NOVELIC d.o.o Beograd-Zvezdara	3,506.37	Internal Accrual and/or Equity	Acquired capabilities such as mmwave radar sensing and chip designing. This acquisition will also enable us to expand in the area of ADAS and intelligent vehicle technologies.

Year	Entity Acquired	Acquisition price (in ₹ million)	Mode of funding	Benefits
Fiscal 2020	Comstar Automotive Technologies Private Limited, along with its step-down subsidiaries namely, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited; and Comstar Automotive Hong Kong Limited along with its subsidiaries, namely, Comstar Automotive (Hangzhou) Co. Ltd., Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V, Comstar Hong Kong Mexico No. 1, LLC, Comestel Automotive Technologies Mexicana Ltd and Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	8,290.00	Equity	Acquired capabilities such as motor design, development and manufacturing to enable us to expand our business in electric vehicle market.

Rationale for acquisitions:

We have successfully acquired and integrated companies in the past, and we intend to continue to grow inorganically through acquiring and integrating companies that complement our competencies and enable us to achieve our business objectives. Our Company intends to acquire such companies which (i) are in the similar line of business as our Company, with the intention of expanding our product portfolio; (ii) are in a complementary line of business to our Company's existing businesses which will benefit to add additional capabilities to the existing line of business in the interest of attaining speed to market new products; (iii) enables us to acquire new capabilities to serve existing customers and/or acquire new customers and for new business opportunities within mobility sector; or (iv) will enhance our geographical reach and strengthen market share in existing markets.

The actual deployment of the funds will depend on several factors, including the timing, nature, size and number of strategic acquisitions undertaken, as well as general factors affecting our results of operation, financial condition and access to capital. These factors will also determine the form of investment for these potential investments, i.e., whether they will involve equity, debt or any other instrument or combination thereof. The amount of Net Proceeds to be used towards strategic investments or towards organic and organic growth opportunities will be based on our management's decision. As on the date of this Placement Document, our Company has not entered into any definitive agreement for investment or acquisition for which it intends to utilize Net Proceeds. For further details, see "**Risk Factor – Our funding requirements and the proposed deployment of Proceeds have not been appraised by any bank or financial institution or any other independent agency or the BRLMs.**" on page 63. We intend to utilize ₹ 8,400.00 million from the Net Proceeds towards strategic investments and organic and inorganic growth opportunities which may be undertaken by March 31, 2027.

4. Purchase of fixed assets, including, equipment and machinery

As on the date of this Placement Document, we have ten manufacturing and assembly plants across India, China, Mexico and USA, of which six are located in India. See, "**Our Business – Our Operations - Manufacturing Locations**" on page 175. We intend to expand business operations in our existing and future/ upcoming manufacturing plants manufacturing differential gears, differential assemblies, other gears, motors and motor controllers. On an ongoing basis, we procure equipment/ machinery, which are utilized for our business operations, based on the future requirements estimated by our management. We propose to utilize ₹ 673.00 million from the Net Proceeds towards funding the capital expenditure towards procurement and installation of fixed assets, including, plant and machinery and related infrastructure at (a) our manufacturing plants at Gurugram, Haryana, India; Manesar, Haryana, India; and Pune, Maharashtra, India to enhance our production capacity and/or capability for differential gears, differential assemblies and other gears and (b) our manufacturing plant at Chennai, Tamil Nadu, India to enhance our production capacity and/or capability for motors and motor controllers.

The break-down of the estimated cost for purchase of fixed assets, including, equipment and machinery is set forth below, which is based on the existing purchase orders:

S. No.	Short description	Details of Assets	Capital commitment in open purchase orders as of July 31, 2024 (in ₹ million)	Amount Paid against capital commitment (in ₹ million)	Balance capital commitment (in ₹ million)
1.	Heat treatment furnace	Sealed quench furnace, oil tank, RPM monitoring, digital flow meter, MIMIC display, filtering system, pressure gauges with installation charges	25.36	9.70	15.65
2.	Single Spindle CNC machine	Single spindle CNC machine	32.10	-	32.10
3.	Endo gas generator	Endo gas generator, 3 way line, orifice line, digital thermometer, preheating furnace, PLC, exhaust hoods, N2 injection, HT cable and installation/erection	36.52	14.61	21.91
4.	Waukee flow meter	Waukee flow meter, lance tube and erection commissioning	10.91	-	10.91
5.	Differential case machine line automation	Differential case machine line automation	54.40	21.76	32.64
6.	Turning machine	Turning machine	81.30	-	81.30
7.	Vertical turning lathe machine	Vertical turning lathe machine	56.72	-	56.72
8.	Vertical turret lathe machine	Vertical turret lathe machine	18.40	-	18.40
9.	Fixtures for heat treatment furnace	Base plate, corner post, plus grid, plain grid, spacer, mesh, suspender, gear link, tie bar, cooling water system	41.23	-	41.23
10.	Gear chamfering machine	CNC gear chamfering machine	23.04	2.31	20.73
11.	Gear grinding machine	Gear grinding machine	98.36	19.95	78.41
12.	Compressed air system, cooling water system, dm water system & dg exhaust system	Compressed air system, cooling water system, dm water system, DG exhaust system and erection charges	23.51	-	23.51
13.	Laser welding device	Laser welding device	22.39	4.48	17.91
14.	Laser welding machine	EA6 system, combination system, brushing unit, filter system, induction heating system, feeder and robot	161.15	-	161.15
15.	Building - civil, electrical, interior	Preliminary civil work, sub structure works, super structure works, civil finishing works - plant extension, STP expansion work, building interior work, raw water storage tank construction, etc.	100.85	3.43	97.42
16.	EV lines machines and accessories	Chain pole production line, auto balancer for rotors, drive auto balancing machine, motor fully functional 2IN1, PAT-tightening electrical items, handy flex unit with rotary encoder, potting oven pallet, crow foot attachment, rotary - single axis positioner, conveyor and conveyor side, crimping machine, crimp analyser, dishwasher machine, fresh air processing unit, refnets unit for indoor, light fittings, MS conduit	199.57	86.98	112.59

S. No.	Short description	Details of Assets	Capital commitment in open purchase orders as of July 31, 2024 (in ₹ million)	Amount Paid against capital commitment (in ₹ million)	Balance capital commitment (in ₹ million)
		pipe, cast iron earth electrode, earth wire, power cable, segment winding multi strand, microscope, etc.			
17.	Tester machines and fixtures	Hub motor performance tester, tester-drive, bidirectional dc source, bidirectional power supply, power panel, etc.	50.64	14.21	36.43
18.	Software	Vector canoe SW, multi basic development suite for C/C++, windchill (advanced) PLM software, windchill part classification, windchill CREO data - management and vis, windchill extensions - engineering	14.21	-	14.21
19.	Starter other tools	CAP assembly tool, tool for brush holder assembly, tool for brush holder assembly, ST gear tool, NSS HSG tool, bobbin assembly die development, seal assembly tool, damper tool, lamination pack, tool for CPRM 5T core pack assembly, tool for frame assembly, etc.	23.11	9.21	13.89
20.	Starter housing tools	HSG tools	18.20	7.10	11.10
21.	EV tools	tool for CPME5T-Rotor, tool for CPME5T- Stator, 12"rim assembly tools	6.50	2.25	4.25
22.	Starter machines	Paper insertion machine, STR arm paper insertion machine, STR arm pin lacing machine, paper insertion machine	9.35	2.98	6.37
			1,107.81	198.96	908.85

We have already placed orders with the vendors for the aforesaid fixed assets, including, equipment and machinery and have made certain advance payments. We are required to make balance payments amounting to ₹ 908.85 million under such purchase orders and propose to utilize ₹ 673.00 million from the Net Proceeds towards such balance payments, based on the management's discretion as per business requirements. No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. The quantity of equipment to be purchased is based on management estimates and our business requirements. Our Company shall have the flexibility to deploy such fixed assets, including, equipment and machinery according to the business requirements of our Company and based on estimates of our management.

5. General Corporate Purpose

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ 5,656.44 million towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds. The general corporate purposes for which our Company proposes to utilize the Net Proceeds include strategic initiatives, working capital requirements, business development activities, funding growth opportunities, including acquisitions and meeting exigencies, meeting expenses, other expenditure considered expedient by our Company, as may be applicable and approved by our Board, from time to time.

In addition to the above, our Company may utilize the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board or a duly appointed committee thereof, subject to compliance with applicable laws, including necessary provisions of the Companies Act.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

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

Monitoring of utilization 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 September 4, 2024, as the size of our Issue exceeds ₹ 1,000.00 million. 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 utilized. 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, <https://sonacomstar.com/>, 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 utilized 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 unutilized; 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 utilized 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 utilization of the proceeds of the Issue from the Objects, as stated above; and (ii) details of category wise variations in the actual utilization 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 utilization 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 authorized 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. 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.

Other confirmations

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

Neither of our Promoters, 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 Promoters, members of the Promoter Group, Directors, Key Managerial Personnel or Senior Management are not eligible to subscribe to the Issue.

CAPITALIZATION STATEMENT

The following table sets forth the capitalization statement of our Company, on a consolidated basis, as of June 30, 2024, which is derived from the Unaudited Condensed Interim 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 46, 91 and 259, respectively.

(in ₹ million, except ratios)

Particulars	Pre-Issue (as at June 30, 2024)	Amount after considering the Issue (i.e., Post Issue) ^{#^}
Current borrowings (A)	2,023.29	2,023.29
Non-current borrowings (including current maturities of long-term borrowings) (B)	438.07	438.07
Total borrowings (A+B = C)	2,461.36	2,461.36
Equity Share Capital	5,864.61	6,212.43
Other Equity	22,142.48	45,794.65
Total equity (D)	28,007.09	52,007.08
Ratio: Non-current borrowings (including current maturities of long-term borrowings) / Total equity (B/ D)	1.6%	0.8%
Ratio: Total borrowings (C)/ Total equity (D)	8.8%	4.7%

[#] Adjustments do not include Issue related expenses.

[^] As adjusted to reflect the number of Equity Share issued pursuant to the Issue.

CAPITAL STRUCTURE

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

(in ₹, except share data)

Particulars	Aggregate nominal value
A) AUTHORIZED SHARE CAPITAL	
1,148,500,000 Equity Shares of face value of ₹ 10 each	11,485,000,000
1,500,000 Preference Shares of face value of ₹ 10 each	15,000,000
B) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE	
586,472,482 Equity Shares of face value of ₹ 10 each	5,864,724,820
C) PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT	
Up to 34,782,608 Equity Shares aggregating to ₹ 24,000 million ⁽¹⁾	347,826,080
D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE	
621,255,090 Equity Shares	6,212,550,900
E) SECURITIES PREMIUM ACCOUNT	
Before the Issue (as on the date of this Placement Document)	5,682,691,453
After the Issue ⁽²⁾	29,334,864,893

⁽¹⁾ The Issue has been authorized and approved by our Board of Directors pursuant to its resolution passed on July 24, 2024. Subsequently, our Shareholders have authorized and approved the Issue through a special resolution on August 30, 2024.

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

Equity Share Capital history of our Company

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

Date of allotment/ buy back	Number of Equity Shares allotment/ bought back	Face value per Equity Share (₹)	Issue price/ Exercise price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment
October 27, 1995	7	10	10	Cash	Initial subscription to the MoA
June 19, 1998	11,249,993	10	10	Cash	Further allotment
June 19, 1998	3,750,000	10	15	Cash	Further allotment
September 13, 1999	269,000	10	30	Cash	Further allotment
March 7, 2005	(3,750,000)	10	NA	NA	Reduction of Equity Share capital ⁽¹⁾
February 16, 2007	16,199,376	10	32.10	Cash	Further allotment
July 5, 2019	22,028,503	10	384.83	Cash	Further allotment
July 9, 2019	(2,592,935)	10	314.01 [#]	Cash	Buyback of Equity Shares by our Company ⁽²⁾
January 27, 2021	594,436 [*]	10	384.83	Cash [*]	Conversion of Preference Shares into Equity Shares ⁽³⁾
February 10, 2021	525,232,180	10	NA	NA	Bonus issue
June 21, 2021	10,309,278	10	291	Cash	Allotment pursuant to initial public offering
October 26, 2021	1,062,872	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
October 28, 2022	601,506	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
January 24, 2023	450,366	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
May 3, 2023	11,000	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020

Date of allotment/ buy back	Number of Equity Shares allotment/ bought back	Face value per Equity Share (₹)	Issue price/ Exercise price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment
October 25, 2023	1,026,228	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
March 14, 2024	5,968	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
April 30, 2024	12,768	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
July 16, 2024	11,936	10	38.34	Cash	Allotment pursuant to the exercise of options under ESOP 2020
Total	586,472,482				

*Consideration for such Equity Shares was paid at the time of issuance of Preference Shares.

#Excludes buyback distribution tax of ₹ 70.82 per Equity Share paid by our Company.

⁽¹⁾ Pursuant to the order dated March 7, 2005 passed by the High Court of Delhi and the resolution dated December 14, 2004 passed by our Shareholders, the paid-up Equity Share capital of our Company was reduced from ₹ 152,690,000 divided into 15,269,000 Equity Shares each to ₹ 115,190,000 divided into 11,519,000 Equity Shares by cancelling and extinguishing 3,525,000 Equity Shares held by Indus East Holding Limited and 225,000 Equity Shares held by Sutter Hill Investment Mauritius Limited at a price of ₹ 32 per Equity Share.

⁽²⁾ Buyback of 2,592,935 Equity Shares held by Sona Autocomp Holding Private Limited vide resolution of the Board and Shareholders, each dated July 5, 2019. The buyback was completed on July 9, 2019, and the total consideration involved in the buyback was ₹ 814.21 million.

⁽³⁾ Allotment of 594,436 Equity Shares to Singapore Topco pursuant to the conversion of 594,436 Preference Shares allotted to Singapore Topco on July 5, 2019.

Preference Shares capital history of our Company

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

Employee Stock Option Plan

ESOP 2020

Pursuant to the resolution of our Board dated August 14, 2020, and resolution of our Shareholders' dated September 30, 2020, our Company instituted the Employee Stock Option Scheme, 2020 ("ESOP 2020") to provide for the grant of options to employees of our Company who meet the eligibility criteria under the ESOP 2020. The ESOP 2020 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended. The details of the stock options outstanding under the ESOP 2020 as of the date of this Placement Document are as follows:

Scheme	Total number of options under the ESOP scheme	Total number of options granted	Total number of options vested	Total number of options exercised	Total number of options lapsed or forfeited	Total number of options outstanding
ESOP 2020	3,342,672	3,263,220	3,220,428	3,182,644	42,792	37,784

ESOP 2023

Pursuant to the resolution of our Board dated May 3, 2023, and resolution of our Shareholders' dated July 19, 2023, our Company instituted the Sona Employee Stock Option Plan, 2023 ("ESOP 2023") to provide for the grant of options to employees of our Company who meet the eligibility criteria under the ESOP 2023. The ESOP 2023 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended. The details of the stock options outstanding under the ESOP 2023 as of the date of this Placement Document are as follows:

Scheme	Total number of options under the ESOP scheme	Total number of options granted	Total number of options vested	Total number of options exercised	Total number of options lapsed or forfeited	Total number of options outstanding
ESOP 2023	7,610,402	6,926,600	Nil	Nil	Nil	6,926,600

Other confirmations

Except the options granted pursuant to ESOP 2020 and ESOP 2023, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares as on the date of this Placement Document.

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

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

Except as mentioned under “- *Equity Share Capital history of our Company*”, 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.

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. July 24, 2024, for approving the Issue.

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 Book Running Lead Managers, 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 516.

Pre-Issue and post-Issue shareholding pattern

The following table provides the pre-Issue and post-Issue shareholding pattern as of September 6, 2024:

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				
	<i>Individuals</i>	935	0.00	935	0.00
	<i>Bodies corporate</i>	174,209,648	29.71	174,209,648	28.04
	<i>Others (Promoter Trust)</i>	72	0.00	72	0.00
2.	Foreign	-	-	-	-
	Sub-Total (A)	174,210,655	29.71	174,210,655	28.04
B. Public holding					
	Institutional investors	364,171,382	62.10	398,953,990	64.22
	Non- Institutional investors	-	-	-	-
	<i>Bodies corporate</i>	4,536,194	0.77	4,536,194	0.73
	<i>Resident Individuals</i>	39,854,471	6.80	39,854,471	6.42
	<i>Directors and their relatives (excluding independent directors and non-executive directors)</i>	303,000	0.05	303,000	0.05
	<i>KMPs</i>	15,768	0.00	15,768	0.00
	<i>Others including non-resident Indians (NRIs)</i>	3,381,260	0.58	3,381,260	0.54
	Sub - Total (B)	412,261,827	70.29	447,044,435	71.96
	Grand Total (A+B)	586,472,482	100.00	621,255,090	100.00

*The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue and reflects the shareholding of all other categories as of September 6, 2024.

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, dividend distribution policy and the applicable laws including Companies Act 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 235.

The dividend distribution policy of our Company was approved and adopted by our Board on January 27, 2021. The dividend, if any, will depend on a number of factors, including but not limited to our Company’s profits earned during the financial year, accumulated reserves and distributable profits, working capital and capital expenditure requirement, financial commitments with respect to the borrowing undertaken/proposed to be undertaken, capital requirements for maintenance of appropriate capital adequacy ratio, provisioning for financial implications arising out of unforeseen events and/or contingencies, past dividend declaration trend of our Company, and such other factors and/ or material events which our Board may consider relevant. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to legal requirements/ regulatory restrictions, macro-economic environment, cost of borrowing and covenants, if any, with lenders, business outlook for the future years; and prevalent market practices.

Further, our shareholders may not expect dividend in certain circumstances including but not limited to broad adverse macroeconomic scenario which may require the Board to retain a larger portion of profits to build up reserves, proposed expansion/diversification plans requiring higher capital allocation, decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow, regulatory restrictions / obligations which may restrict the issue of dividends, requirement of higher working capital to support business and operations of our Company’s proposal for corporate action requiring significant capital outflow such as buy-back of securities, cost of raising funds from alternate sources—funds for meeting contingent liabilities, in the event of loss or inadequacy of profit or cash flow available for distribution, other factors beyond control of our Company like natural calamities, fire etc. effecting the operations of our Company and any other factor as deemed appropriate by the Board of Directors. For details in relation to risks involved in this regard, see “*Risk Factors - We cannot guarantee payment of dividends on the Equity Shares in the future.*” on page 69.

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

Particulars	April 1, 2024 till the date of this Placement Document*	Fiscal 2024**	Fiscal 2023***	Fiscal 2022****
Face value of Equity Shares (₹ per Equity Share)	10	10	10	10
Dividend (interim) per Equity Share (in ₹)	Nil	1.53	1.28	0.77
Dividend (final) per Equity Share (in ₹)	1.53	1.53	0.77	Nil
Rate of dividend (interim) (%)	Nil	15.3	12.8	7.7
Rate of dividend (final) (%)	15.3	15.3	7.7	Nil
Dividend distribution tax (in ₹ million)	N.A.	N.A.	N.A.	N.A.
Dividend paid (in ₹ million)	897.28	1,792.94	1,199.27	449.95
Mode of Payment	Electronic			

*The shareholder of our Company declared the final dividend of ₹ 1.53 per Equity Share of our Company in the Annual General Meeting held on June 28, 2024, which was recommended by the Board of Directors at their meeting held on April 30, 2024. The final dividend was paid to those shareholders whose names appear in the register of members beneficial owners on June 14, 2024.

** The shareholder of our Company declared the final dividend of ₹ 1.53 per Equity Share of our Company in the Annual General Meeting held on July 19, 2023, which was recommended by the Board of Directors at their meeting held on May 3, 2023. The final dividend was paid to those shareholders whose names appear in the register of members / beneficial owners on June 30, 2023. The Board of Directors in its meeting held on January 23, 2024 has declared an interim dividend of ₹ 1.53 (One rupee and fifty-three paise only) per Equity share of our Company having face value of ₹ 10 (Indian rupees ten only) each to those shareholders whose names appear in the register of members / beneficial owners on February 5, 2024, and the dividend was paid on February 15, 2024.

*** The shareholder of our Company declared the final dividend of ₹ 0.77 per Equity Share of our Company in the Annual General Meeting held on July 14, 2022, which was recommended by the Board of Directors at their meeting held on May 5, 2022. The final dividend was paid to those shareholders whose names appear in the register of members / beneficial owners on June 30, 2022.

The Board of Directors in its meeting held on January 24, 2023, has declared an interim dividend of ₹ 1.28 per Equity Share of our Company having face value of ₹ 10 each to those shareholders whose names appear in the register of members / beneficial owners on February 6, 2023.

****The Board of Directors in its meeting held on February 1, 2022, had declared an interim dividend of ₹ 0.77 per Equity Share of our Company having face value of ₹ 10 each to those shareholders whose names appeared in the register of members / beneficial owners on February 14, 2022, and the dividend was paid on February 25, 2022.

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

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.

The details of interest coverage ratio of our Company for the three months ended June 30, 2024 and June 30, 2023 and for Fiscals 2024, 2023 and 2022 and, are as follows:

Particulars	June 30, 2024	June 30, 2023	For the financial years ended/ as at		
			March 31, 2024	March 31, 2023	March 31, 2022
EBIT* (A)	1,974.91	1,576.86	7,058.20	5,294.01	4,371.62
Finance cost (B)	86.16	53.37	257.98	169.27	182.57
Interest coverage ratio in times (A/B)	22.92	29.55	27.36	31.28	23.94

* EBIT means profit before exceptional items and tax + finance cost

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

The following discussion of our financial condition and results of operations should be read in conjunction with our “Financial Information” on page 259. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 included herein is derived from the Audited Consolidated Financial Statements included in this Placement Document and the financial information for the three months ended June 30, 2024 and June 30, 2023 included herein is derived from the Unaudited Condensed Interim Financial Statements, respectively, included in this Placement Document. For further information, see “Financial Information” on page 259.

Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Audited Consolidated Financial Statements included in this Placement Document on page 259.

Ind AS differs in certain respects from Indian GAAP, IFRS and US GAAP and other accounting principles with which prospective investors may be familiar. Please also see “Risk Factors — Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and US GAAP, which may be material to investors’ assessments of our financial condition, result of operations and cash flows” on page 68.

This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as the risks set forth in the chapters entitled “Risk Factors” and “Forward-Looking Statements” on pages 46 and 18, respectively.

Data included in this section in relation to certain operating metrics, financial information not otherwise included in the Audited Consolidated Financial Statements, and certain business information and data (such as income from sale of goods with end-use in North America, Europe, India and Asia (excluding India), income from sale of goods from our top ten customers and income from sale of goods derived from the BEV market, among others) have been reviewed and verified by SCV & Co. LLP.

Industry and market data used in this section have been extracted from the CRISIL Report which has been commissioned by us exclusively in connection with the Issue. Neither we, nor any of the BRLMs, nor any other person connected with the Issue has verified any information in these industry reports. For further details and risks in relation to commissioned reports, see “Risk Factors - This Placement Document discloses information from the CRISIL Report which is a paid report and commissioned 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 62.

Overview

We are an India based mobility technology company, designing, manufacturing and supplying highly engineered, mission critical, bespoke systems and components to automotive original equipment manufacturers (“OEMs”) across North America, Europe, India and Asia (excluding India), for both electrified and non-electrified powertrain segments. We are a global supplier with manufacturing and assembly facilities located globally, and our company has experienced year-on-year transformative growth, guided by our corporate values of integrity, vitality, agility and frugality. In the three year period since becoming publicly listed in 2021, we have doubled many of our key financial metrics. For example in Fiscal 2024, our revenue and EBITDA have doubled from Fiscal 2021 and our PAT is 2.4x higher compared to Fiscal 2021. In Fiscal 2024, we derived ₹21,631.78 million representing 70.1% of our income from sale of goods with end-use in the overseas markets, including 39.4% (₹12,149.18 million) in North America, 24.6% (₹7,594.90 million) in Europe and 5.4% (₹1,657.58 million) in Asia (excluding India), and 28.3% (₹8,723.99 million) of our income was derived from sale of goods with end-use in India.

Our mission is to be a leader in the technology we invest in and give our customers an edge over the rest, while designing and building products that will help enable the future of mobility. As a result, we are a technology and innovation driven company with a strong focus on research and development (“R&D”). To meet the evolving demands of our customers, we provide electrical and mechanical systems, sensors and embedded software solutions. The EV market is a particular focus for us, and we have the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting durability, performance and NVH specifications. We also supply differential assemblies, differential gears, traction motors and controllers to customers in North America, Europe, India and Asia (excluding India), for use in hybrid and battery electric

vehicles, electric two-wheelers and electric three-wheelers. We have also received certification under India's auto production linked incentive scheme for our hub-wheel drive motors and traction motors for electric two and three wheelers. These capabilities have helped us increase our sales to the EV market at a CAGR of 62.5% from ₹2,052.46 million in Fiscal 2021 to ₹8,800.57 million in Fiscal 2024, representing 28.6% of our income from sale of goods.

According to the CRISIL Report, technological advancements, government incentives, heightened environmental awareness, infrastructure development and cost competitiveness drive electric vehicle growth. With consumers and governments increasingly emphasizing sustainability and clean transportation, the electric vehicle market is ready for sustained growth and innovation. With our product offerings spanning across all types of conventional and electrified powertrains, we are well-positioned to gain from high growth industry trends as well as various initiatives introduced by the GoI to facilitate the growth of the automotive industry in India.

Some of the key high growth industry trends from which we expect to benefit are set forth below.

- In India, retail sales for electric two-wheelers is expected to grow at a CAGR of 40% - 42% between Fiscals 2024 to 2031, according to the CRISIL Report. We supply traction motors and motor control units for use in the electric two-wheeler and three-wheeler segments.
- Global electric vehicle market, in volume terms, is expected to grow at a CAGR of 9.6% from 2024 to 2029, with battery electric vehicles, plug-in hybrid electric vehicles and hybrid electric vehicles to grow at a CAGR of 13.92%, 10.62% and 6.70% respectively.

For Fiscals 2022, 2023 and 2024, we had EBITDA of ₹5,591.01 million, ₹6,958.17 million and ₹9,020.97 million amounting to EBITDA margins of 26.2%, 26.0% and 28.3%, respectively.

In Fiscal 2024, we acquired a majority stake in NOVELIC, a Serbia-based company, which had capabilities in mmWave radar technology. With this acquisition, our portfolio is further diversified, and we continue to advance to more intelligent, connected and personalised mobility. Our focus is on building a radar solutions and semiconductor chip design business on top of one that provides engineering services in the area of semiconductor chip design services, radar sensor design, signal processing, perception, and sensor fusion software.

Principal Factors Affecting Our Financial Condition and Results of Operations

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled "**Risk Factors**" beginning on page 46. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

Economic conditions in the markets in which we operate

Our results of operations are dependent on the overall economic conditions in the markets in which we operate, including India, the US, China, Serbia and Europe. Any change in macro-economic conditions in these markets, including changes in interest rates, government policies or taxation and political, economic or other developments could affect our business and results of operations. The automotive market in India may perform differently and be subject to market and regulatory developments that are dissimilar to the automotive markets in other parts of the world. While stronger macro-economic conditions tend to result into higher demand for automotive vehicles, weaker macro-economic conditions tend to result into lower demand for automotive vehicles. Change in demand in the market segments we currently supply or improvement/deterioration in the automotive market or a change in regulations, customs, taxes or other trade barriers or restrictions could affect our operations and financial condition.

Our consolidated income from sale of goods for Fiscal 2024 was ₹30,819.49 million, which showed a year on year growth of 20.0% in our consolidated income from sale of goods of ₹25,679.14 million for Fiscal 2023. According to CRISIL, the global gross domestic product ("**GDP**") is projected to grow at 3.2% in 2024, unchanged from 2023. For calendar year 2024, the IMF has estimated GDP growth of 2.7%, 0.8% and 4.6% for US, EU and China, respectively and India's GDP growth is estimated to be 6.8% in Fiscal 2024.

Ability to adapt to the evolving technological and market trends in the automotive industry towards electrification of vehicles

The automotive industry is undergoing significant technological changes, with increasing focus on, among other things, hybridization and electrification of vehicles. We have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018. We have increased our sales to the BEV market at a CAGR of 62.5% from ₹2,052.46 million in Fiscal 2021 to ₹8,800.57 million in Fiscal 2024, representing 28.6% of our income from sale of goods. We also design and manufacture traction motors and motor controllers for electric two-wheelers and electric three-wheelers. Continued growth in the EV market driven by willingness of consumers to adopt electric vehicles and favorable government policies and initiatives that result in shift in consumer preference towards electric vehicles will enable us to increase our market share in both the Indian and overseas EV markets and achieve our growth strategy to establish market leadership in the Indian EV segment. However, the market for electric vehicles is relatively new and rapidly evolving. While, we expect to benefit from the growing global trend in the automotive industry towards hybridization and electrification of vehicles we also have a well-diversified portfolio of systems and components designed to cater to both electrified and non-electrified powertrain segments. Accordingly, we are well-positioned to adapt our business to the changing consumer demands and behavior, adoption of new technologies, evolving government regulation and industry standards, policy and economic dynamics associated with the growing trends in the automotive industry, both in the EV and non-EV segments. For risks related to the EV market, see “**Risk Factor – We may not be successful in implementing our growth strategies**” on page 50.

Innovation and R&D

To increase our market share, especially in the growing EV market and maintain our margins, we plan to continue to invest in research and development capabilities to develop technologically advanced automotive components designed to assist our customers in meeting the market demands for power density, higher torque, light weighting, durability, quality and economical cost. We believe that our growth from medium to long term will significantly depend on the effectiveness of our investments to design and introduce innovative new products and enhance existing products, in particular develop and manufacture innovative systems and components for the EV market. For Fiscal Years 2022, 2023 and 2024, our total expenditure on R&D amounted to ₹441.72 million, ₹731.55 million and ₹793.13 million, respectively. Our R&D expenditures as a percentage of revenue from operations (including foreign exchange gain (net)) were 2.1%, 2.7% and 2.5% for Fiscal Years 2022, 2023 and 2024, respectively. Although we spend significant amounts on our R&D capabilities, we strive to do so in a cost effective, targeted manner in line with our goal of making new technologies available to our customers and expanding our customer base.

New Business Development

Our ability to continuously win new product development programs enhances our competitiveness and market share. A substantial amount of the new business we are awarded by OEMs is granted well in advance of a program launch. The launch of new business is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Accordingly, we continually seek business development opportunities and participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for quote (“RFQ”) for securing business. We estimate future sales from new product development programs awarded to us using the projected volume under these programs.

Managing supply chain and operating expenses

Our profitability depends on our ability to manage our supply chain and operating costs. For Fiscal Years 2022, 2023 and 2024, we achieved an EBITDA margin of 26.2%, 26.0% and 28.3%, respectively. We achieved this through a combination of control measures on input raw material costs with price-adjustment arrangements with our customers that enable us to pass-through fluctuations in prices of some of our raw material costs to our customer base, efficiency in manufacturing, making continuous improvement in our production processes and quality standards through our advanced R&D and technological capabilities and maintaining low overhead costs. Our focus on shifting our product mix towards higher margin products also enabled us to maintain our EBITDA margins for Fiscal Years 2022, 2023 and 2024.

We are dependent upon our suppliers’ ability to meet quality specifications and delivery schedules. We also procure certain key components such as drive assemblies, solenoid assemblies, machined steel components, carbon brushes assemblies, magnets, required for manufacturing our starter and traction motors, from limited suppliers in China. The inability of a supplier to meet these requirements, the loss of a significant supplier, or

work stoppages could have an adverse effect on our ability to meet our customers' delivery requirements. We are in the process of implementing a strategy to reduce this dependence.

Further, the cost of our key raw materials and commodity is susceptible to future volatility in commodity prices. Most of our contracts with customers are structured to pass-through market fluctuations in steel and certain alloy prices for the differential gears and differential assemblies and in copper prices for the conventional and micro-hybrid starter motors. Other than the foregoing, our costs may be susceptible to fluctuation in commodity prices like aluminium and steel for components used in starter motors. We are constantly working on value addition and value engineering initiatives and procurement of components, which go into our products from local suppliers, in order to reduce costs and maintain our margins.

In Fiscal Years 2022, 2023 and 2024, our cost of materials consumed and changes in inventories of finished goods and work-in progress was ₹9,455.58 million, ₹12,199.63 million and ₹13,741.35 million, respectively. As a percentage of total income, our cost of materials consumed and changes in inventories of finished goods and work-in progress was 44.0%, 45.4% and 42.8% in Fiscal Years 2022, 2023 and 2024, respectively. Given the nature of our business, spreading of fixed production costs over higher production volumes, management of our operating costs and efficiencies helps us maintain our competitiveness and profitability. We continually undertake efforts to reduce our costs in order to protect our margins, such as by engaging with a diversified set of suppliers, outsourcing non-critical processes, improving operational efficiencies and manufacturing processes and negotiating volume discounts.

Our Products and Customers

Our financial performance has largely been driven by, and a key factor to our future success will be, our ability to continue to diversify our business through maintaining a diversified mix of our products offered to continue to deliver value for our customers, an increase in our customer base in a cost-effective manner and deepening our relationships with our existing customers. We are one of India's leading automotive technology companies, designing, manufacturing and supplying highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, traction motors and motor controllers to automotive OEMs across North America, Europe, India and Asia (excluding India), for both electrified and non-electrified powertrain segments. Our systems and components are supplied for use across all types of vehicle segments. For example, we design, develop, manufacture and supply differential assemblies, electronically locking differential ("EDL") and precision forged differential bevel gears for both electrified and non-electrified PVs, CVs, OHVs and three-wheelers, conventional and micro-hybrid starter motors for PVs and light commercial vehicles ("LCVs"), traction motors, motor controllers and integrated motor controllers for hybrid and battery electric PVs, hybrid and battery electric LCVs, electric two-wheelers and electric three-wheelers.

For Fiscal Year 2024, 28.6% of our income from sale of goods amounting to ₹8,800.57 million was derived from the BEV market. With our product offerings spanning all types of conventional and electrified powertrains, we are one of the few automotive technology manufacturers well-positioned to gain from the high growth industry trends in both the EV and non-EV markets.

Further, through our strong focus on R&D, we have built the capabilities to develop technologically advanced automotive systems and components, which assist our customers to meet the market demands for high power density systems handling higher torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications.

Our systems and components are designed and manufactured in accordance with international quality standards and customized to specific customer requirements, which has enabled us to establish long-standing relationships of 20 years and more with 10 of our top 20 customers. In several instances, we engage closely with our customers from concept to delivery and aim to have all our systems and components to be industry leading in their respective categories.

Thus, our future results of operations are dependent upon, among other factors, our ability to continue to produce our systems and components more efficiently by using our extensive in-house technology and application software and integration capabilities and to continue to innovate and invest in product development to drive sales of additional and/or improved products to existing and/or new customers. Changes in the outsourcing strategy of our customers or increased competition from other auto-component manufacturers as they develop differentiated and innovative products that compete with our systems and components could have an adverse impact on our business,

results of operations, financial condition and cash flows. See “**Risk Factor – Our business faces substantial competition from other manufacturers and other competitors.**” on page 52.

Acquisitions and divestments

In line with our vision to be at the forefront of delivering innovative mobility solutions, we remain open to acquisitive opportunities that can enhance our capabilities and infrastructure. In the near to medium term, we may pursue acquisitions to enhance our strategic position and expand into new markets within the mobility sector in both automotive and non-automotive domains. Our business strategies are focused on enhancing our market position by continuously improving the competitive differentiation of our product portfolio, focusing on our strengths and core competencies, and growing the businesses that offer the most attractive returns. We have historically expanded our business through a combination of organic growth and acquisitions. For example, we acquired a majority stake in NOVELIC, a Serbia-based company, having capabilities in millimeter wave radar technology and began building our third business vertical of Sensors and Software. Although the core of our strategy is to continue to achieve growth organically through investment in our technological capabilities, business development skills and customer relationships, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances that may provide us with complementary technologies. Each new acquisition that we complete may materially affect the overall results of our operations and financial profile.

Global operations and foreign exchange

Our company has a well-diversified revenue profile with North America, Europe, India and Asia (excluding India) contributing ₹12,149.18 million, ₹7,594.90 million, ₹8,723.99 million and ₹1,657.58 million of our total income from sale of goods in Fiscal 2024, respectively, representing 39.4%, 24.6%, 28.3% and 5.4% of our total income from sale of goods in Fiscal 2024, respectively. Accordingly, a large portion of our revenue and some part of costs are denominated in US Dollars. As a result of our substantial international operations, we are exposed to foreign currency risks that arise from our business transactions that are denominated in foreign currencies and investments made in foreign jurisdictions. However, in case of some of our customers, the fluctuation in foreign currency is passed through by way of price adjustment with a time lag. We employ financial instruments, primarily forward contracts to hedge certain of our foreign currency exchange risks relating to our business.

Since our reporting currency is Indian rupee, all foreign currency transactions including sales, purchases and expenses are translated into Indian rupees. We are also required to translate the financial statements of our foreign subsidiary in the U. S. to Indian Rupees for the purposes of our consolidated financial statements.

To mitigate foreign currency fluctuation risk, our Company currently has a policy to hedge a significant part of its net foreign currency exposure on a rolling 12 months’ basis. Due to its inherent net dollar long position, depreciation of the Indian rupee against these foreign currencies will generally have a positive effect on our reported revenues and operating income and appreciation of the Indian rupee against US Dollar will generally have a negative impact on our reported revenues and operating income.

Our business and the industry in which we operate is subject to substantial government regulation, including tax laws in foreign jurisdictions in which we have a presence which may differ by state, region and country. Changes in tax laws and treaties or tax rates, the resolution of tax assessments or audits by various tax authorities could adversely affect our results of operations. These government regulatory changes may also support or impede the business of our customers and consequently impact our business. Any of these outcomes could affect our financial condition and results of operations.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. Our sales may also be impacted by changes in tariffs applicable on our products or on our customers’ products containing content sourced from us.

Key Performance Indicators and Certain Non-GAAP Measures

Certain metrics such as EBITDA and EBITDA Margin (“**Non-GAAP Measures**”), presented in this Placement Document are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Such Non-GAAP Measures are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian

GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP 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, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Measures and other statistical information relating to our operations and financial performance are not standardized terms, hence a direct comparison of these Non-GAAP measures between companies may not be possible. Other companies may calculate Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Reconciliation of Non-GAAP Measures

EBITDA and EBITDA margin

EBITDA is defined as our profit for the period/year less other non-operating income before depreciation and amortization, finance costs, income tax expense and exceptional items. EBITDA margin is defined as our EBITDA as a percentage of revenue from operations.

The table below reconciles our profit / loss for the year to EBITDA for the periods indicated.

	2024	Fiscal 2023 (₹ in millions)	2022
Profit for the period/year (A)	5,177.76	3,952.97	3,615.43
Less:			
Other income (B)	239.48	115.88	200.26
Add:			
Exceptional items (C)	87.16	33.69	(132.70)
Depreciation (D)	2,202.25	1,780.04	1,419.65
Finance costs (E)	257.98	169.27	182.57
Income tax expense (F)	1,535.30	1,138.08	706.32
EBITDA (G=A-B+C+D+E+F)	9,020.97	6,958.17	5,591.01
Revenue from operations (H)	31,847.70	26,550.10	21,306.40
Foreign exchange gain (net) (I)	0.12	205.85	-
Total revenue from operations including forex (J=H+I)	31,847.82	26,755.95	21,306.40
EBITDA margin (in %) (K=G/J)	28.3%	26.0%	26.2%

In Fiscal 2024, we increased our EBITDA margin from Fiscal 2023 primarily due to better product mix, operational efficiency gains and lower input cost.

ROE

ROE is defined as profit attributable to owners of the parent divided by average equity.

	2024	Fiscal 2023 (₹ in millions)	2022
Profit attributable to owners of the parent (A)	5,172.67	3,952.97	3,615.43
Equity share capital (B)	5,864.48	5,854.05	5,843.53
Other Equity (C)	20,638.80	17,047.95	14,159.44
Total Equity (D=B+C)	26,503.28	22,902.00	20,002.97
Average Equity ⁽¹⁾ (E)	24,702.64	21,452.49	16,881.16
Return on Equity ("ROE") (F=A/E)	20.9%	18.4%	21.4%

Note:

(1) Average Equity = (Opening Total Equity at the start of the fiscal + Closing Equity at the end of the fiscal)/2.

Material Accounting Policies

The material accounting policies adopted in the preparation of our Audited Consolidated Financial Statements is

set forth below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Audited Consolidated Financial Statements comprise of the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Material Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as “**Audited Consolidated Financial Statements**”).

The Audited Consolidated Financial Statements has been prepared to comply in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

These Audited Consolidated Financial Statements have been prepared using the material accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented.

Basis of Measurement

The Audited Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans – plan assets measured at fair value

Basis of Consolidation

The Audited Consolidated Financial Statements includes the financial statements of our Company, its subsidiaries and the entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- has the ability to use its power to affect its return; and
- is exposed, or has rights, to variable returns from its involvement with the investee

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired

and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognized.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment and capital work in progress are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an Item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act:

Asset category	Useful life (in years)
Factory Buildings	3 to 30
Plant and equipment	1 to 25
Furniture and fixtures	3 to 10
Computers and IT equipment	3
Vehicles	4 to 8
Office equipment	1 to 5
Leasehold improvements	Over the effective term of lease

In case of subsidiaries, the following useful lives have been used by the Group:

Asset category	Useful life (in years)
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognized as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its 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.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.
- Development costs not meeting these criteria for capitalization are expensed as incurred.
- Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization methods and periods.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	1 to 6
Technical know-how	6
Brand	Indefinite
Customer relationship	15
Goodwill	Indefinite
Technology development expenditure	5

The amortization expense on intangible assets with finite life is recognized in the statement of profit and loss under the head depreciation and amortization expense.

Derecognition

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

Intangible assets – Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

Revenue from sale of goods

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price. The transaction price of goods sold is net of variable consideration on account of discounts. Revenue is disclosed exclusive of goods and services tax.

Other incomes

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

Revenue from contract with customers

To determine whether to recognize revenue from contracts with customers, our Company follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognized when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which our Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which our Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by our Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. Our Company recognizes the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognizes revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Leases

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. 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. 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 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 right to extend the lease. ROU assets and lease liabilities includes 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.

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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Financial instruments

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognizes the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognizes that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Financial assets at amortized cost

A financial instrument is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding.
- After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (“**FVOCI**”) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (“**OCI**”). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortized cost using effective interest method. Amortized cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

Hedge accounting

Our Company designates certain hedging instruments mainly derivatives, in respect of foreign currency risk, as cash flow hedges to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

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, our Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

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 and Loss, and is included in the 'Other income'/'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and 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 included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

All financial assets except for those at fair value through profit and loss (“FVTPL”) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (“ECL”) model for measurement and recognition of impairment loss for financial assets carried at amortized cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Trade receivables

The Group applies approach required by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for

which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cash flow is prepared using indirect method.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment benefits

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund

and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements.
- Net interest expense.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

Termination benefits are recognized as an expense immediately.

Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably

estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification. An asset is treated as current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

- A liability is treated current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as noncurrent.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.

Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment

in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of non-financial assets and goodwill

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Measurement of share based payments

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds)

Capitalisation of internally developed intangible assets

The Group applies judgement in determining at what point the recognition criteria under Ind AS 38 is satisfied with respect to technology development expenditure being incurred.

Standards issued but not yet effective

All the Ind AS issued and notified by the Ministry of Corporate Affairs (“MCA”) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

Principal Components of Statement of Profit and Loss

Income

Our total income comprises revenue from operations and other income. We generate majority of our revenue from the sale of highly engineered automotive systems and components such as differential gears, differential assemblies, conventional starter motors, micro hybrid starter motors mostly to global automotive OEMs across US, Europe, India and China.

Expenses

Cost of Materials Consumed and Changes in Inventories of Finished Goods and Work-in Progress

Cost of materials consumed primarily includes the cost of raw materials, such as special steel alloy bars, iron castings, steel blanks and bolts for manufacturing differential gears and differential assemblies and steel forgings, copper enamelled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other proprietary parts for manufacturing starter motors and BLDC motors.

Changes in inventories of finished goods and work-in-progress denotes increase/decrease in inventories of finished goods and work in progress between opening and closing dates of a reporting period.

Employee Benefits Expense

Employee benefits expenses primarily include salaries, wages, bonus paid to our employees and employee welfare expenses.

Finance Costs

Finance cost includes interest on term loans and working capital borrowings, finance charges for sanction/renewal of credit facilities and bank charges for various banking and/or trade finance transactions done with the banks.

Depreciation and Amortization expenses

Depreciation and amortization expenses primarily include depreciation expenses on our property, plant and equipment and amortization expenses on our intangibles and right of use assets.

Other Expenses

Other expenses primarily comprise of manufacturing, administrative and selling and distribution expenses.

Manufacturing expenses mainly consist of expenses in relation to sub-contracting costs, stores and spares consumed, power and fuel, repairs and maintenance towards plant and machinery and manpower hiring on contract.

Administrative expenses mainly consist of legal and professional charges, travelling, conveyance and vehicle expenses, insurance, repair and maintenance – others.

Selling and distribution expenses mainly comprise of freight, clearing and forwarding charges and consumption of packing material.

Exceptional Item

We completed the acquisition of 54% voting rights in NOVELIC. on September 6, 2023, through acquisition of 51% voting rights from the existing shareholders and 3% voting rights as a result of capital infusion in NOVELIC, as per the relevant share purchase agreement and shareholder agreement. The exceptional item is related to diligence work and other expenses incurred for the said acquisition.

Tax Expense

Our tax expense or credit for the period represents the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Profit for the year

Profit for the year represents profit after tax.

Results of Operations Based on Our Unaudited Condensed Interim Financial Statements

The following table sets forth select financial data from our statement of consolidated profit and loss for the three month period ended June 30, 2024 and for the three month period ended June 30, 2023, the components of which are also expressed as a percentage of total income for such periods.

	For the three month period ended 30 June 2024		For the three month period ended 30 June 2023	
	(₹ in millions, except percentages)			
Income				
Revenue from operations	8,911.77	99.0%	7,313.84	99.2%
Foreign exchange gain (net)	18.56	0.2%	7.85	0.1%
Other income	69.57	0.8%	53.63	0.7%
Total income	8,999.90	100.0%	7,375.32	100.0%
Expenses				
Cost of materials consumed	3,824.21	42.5%	3,237.16	43.9%
Changes in inventories of finished goods and work-in-progress	(36.40)	(0.4)%	(84.30)	(1.1)%
Employee benefits expense	760.59	8.5%	491.33	6.7%
Finance costs	86.16	1.0%	53.37	0.7%
Depreciation and amortisation expense	606.27	6.7%	510.56	6.9%
Other expenses	1,870.32	20.8%	1,643.71	22.3%
Total expenses	7,111.15	79.0%	5,851.83	79.3%
Profit before exceptional item and tax	1,888.75	21.0%	1,523.49	20.7%
Exceptional item	-	-	28.43	0.4%
Profit before tax	1,888.75	21.0%	1,495.06	20.3%
Tax Expense				
Current tax	483.52	5.4%	372.79	5.1%
Tax related to previous years	-	-	0.06	0.0%
Deferred tax (credit) / charge	(11.91)	(0.1)%	1.85	0.0%
Total tax expense	471.61	5.2%	374.71	5.1%
Profit for the year/period	1,417.14	15.7%	1,120.35	15.2%

The following table sets forth select financial data from our statement of consolidated profit and loss for Fiscals 2024, 2023 and 2022, the components of which are also expressed as a percentage of total income for such periods.

	2024		Fiscal 2023		2022	
	(₹ in millions, except percentages)					
Income						
Revenue from operations	31,847.70	99.3%	26,550.10	98.8%	21,306.48	99.1%
Foreign exchange gain (net)	0.12	0.0%	205.85	0.8%	-	-
Other income	239.48	0.7%	115.88	0.4%	200.26	0.9%
Total income	32,087.30	100.0%	26,871.83	100.0%	21,506.66	100.0%
Expenses						
Cost of materials consumed	14,058.29	43.8%	11,795.48	43.9%	9,892.03	46.0%
Changes in inventories of finished goods and work-in-progress	(316.94)	(1.0)%	404.15	1.5%	(436.45)	(2.0)%
Employee benefits expense	2,501.34	7.8%	1,803.54	6.7%	1,688.77	7.9%
Finance costs	257.98	0.8%	169.27	0.6%	182.57	0.8%
Depreciation and amortisation expense	2,202.25	6.9%	1,780.04	6.6%	1,419.65	6.6%

	2024		Fiscal 2023		2022	
	(₹ in millions, except percentages)					
Other expenses	6,584.16	20.5%	5,794.61	21.6%	4,571.04	21.3%
Total expenses	25,287.08	78.8%	21,747.09	80.9%	17,317.61	80.5%
Profit before exceptional item and tax	6,800.22	21.2%	5,124.74	19.1%	4,189.05	19.5%
Exceptional item	87.16	0.3%	33.69	0.1%	(132.70)	(0.6)%
Profit before tax	6,713.06	20.9%	5,091.05	18.9%	4,321.75	20.1%
Tax Expense						
Current tax	1,566.51	4.9%	1,178.54	4.4%	893.93	4.2%
Tax related to previous years	(27.91)	(0.1)%	(33.37)	(0.1)%	(134.62)	(0.6)%
Deferred tax (credit)	(3.30)	(0.0)%	(7.09)	(0.0)%	(52.98)	(0.2)%
Total tax expense	1,535.30	4.8%	1,138.08	4.2%	706.32	3.3%
Profit for the year/period	5,177.76	16.1%	3,952.97	14.7%	3,615.43	16.8%

The three months period ended June 30, 2024 Compared to the three months ended June 30, 2023

Income

Our total income increased by 22.0% to ₹8,999.90 million for the three months ended June 30, 2024 from ₹7,375.32 million for the three months ended June 30, 2023, primarily due to an increase in our revenue from operations and other income as discussed below:

Revenue from operations

Our revenue from operations increased by 21.8% to ₹8,911.77 million for the three months ended June 30, 2024 from ₹7,313.84 million for the three months ended June 30, 2023, primarily due to an increase in the sale of goods by 22.2% to ₹8,626.32 million as at June 30, 2024 from ₹7,057.88 million as at June 30, 2023. The increase was due to the start and ramp-up of sales volume for some of the new contracts especially in the EV segment in North American and European market. As a result of an increase in our income from sale of goods, our trade receivables and trade payables also increased as at June 30, 2024 as compared to June 30, 2023. Our receivables amounted to ₹6,035.55 million as at June 30, 2024 as compared to ₹5,870.09 million as at June 30, 2023 due to increase in our sales volume. Our trade payables were ₹3,227.11 million as at June 30, 2024 as compared to ₹2,482.66 million as at June 30, 2023 due to increase in cost of materials consumed and other expenses resulting from increase in sale of goods.

Foreign Exchange Gain

Our foreign exchange gain increased by 136.4% to ₹18.56 million for the three months ended June 30, 2024 from ₹7.85 million for the three months ended June 30, 2023, primarily due to the change in the foreign exchange rate.

Other Income

Our other income increased by 29.7% to ₹69.57 million in the three months ended June 30, 2024 from ₹53.63 million in the three months ended June 30, 2023, primarily as a result of an increase in profit on sale of investments.

Expenses

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress (“cost of materials”), employee benefits expenses, finance cost, depreciation and amortisation expense and other expenses, increased by 21.5% to ₹7,111.15 million for the three months ended June 30, 2024 from ₹5,851.83 million for the three months ended June 30, 2023.

Cost of Materials

Our cost of materials accounted for 42.5% and 43.9% of our total income for the three months ended June 30, 2024 and 2023, respectively.

Our cost of materials increased by 18.1% to ₹3,824.21 million for the three months ended June 30, 2024 from ₹3,237.16 million for the three months ended June 30, 2023 due to an increase in the sales of our systems and components during this period.

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

Our changes in inventories of finished goods and work-in progress was ₹(36.40) million for the three months ended June 30, 2024 from ₹(84.30) million for the three months ended June 30, 2023.

Employee Benefits Expenses

Our employee benefits expenses which primarily included salaries and other benefits paid to employees engaged by us, increased by 54.8% to ₹760.59 million for the three months ended June 30, 2024 from ₹491.33 million for the three months ended June 30, 2023 due to increased scale of operations, additional cost for new ESOP scheme, increments to employee salaries, and additional cost from consolidation of the NOVELIC business.

Finance Costs

Our finance costs increased by 61.4% to ₹86.16 million for the three months ended June 30, 2024 from ₹53.37 million for the three months ended June 30, 2023 primarily due to an increase in our interest on lease liabilities by 96.4% to ₹37.25 million as at June 30, 2024 from ₹18.97 million as at June 30, 2023.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 18.7% to ₹606.27 million for the three months ended June 30, 2024 from ₹510.56 million for the three months ended June 30, 2023 primarily due to additions to our property, plant and equipment, primarily for increasing production capacity of differential gears and differential assemblies resulting in higher depreciation, increase in amortization of intangible assets primarily on account of intangibles generated upon consolidation on acquisition of the NOVELIC entities, and increase in amortization of right-of-use assets primarily on account of new facility in Manesar.

Other Expenses

Our other expenses accounted for 20.8% and 22.3% of our total income for the three months ended June 30, 2024 and 2023, respectively. This increase of 13.8% is primarily on account of change in product mix and administrative expenses.

Exceptional Item

Exceptional Item of ₹28.43 million during the three months ended June 30, 2023 represents expenses related to diligence work and other expenses incurred on for acquisition of NOVELIC.

Tax Expense

Our tax expense increased by ₹96.9 million to ₹471.61 million for the three months ended June 30, 2024 from ₹374.71 million for the three months ended June 30, 2023, primarily due to increased profit.

Profit for the Year

As a result of the foregoing factors, our profit for the year for the three months ended June 30, 2024 increased by 26.5% to ₹1,417.14 million from a profit of ₹1,120.35 million for the three months ended June 30, 2023.

Fiscal 2024 Compared to Fiscal 2023

Income

Our total income increased by 19.4% to ₹32,087.30 million for Fiscal 2024 from ₹26,871.83 million for Fiscal 2023, primarily due to an increase in our revenue from operations and other income as discussed below:

Revenue from operations

Our revenue from operations increased by 20.0% to ₹31,847.70 million for Fiscal 2024 from ₹26,550.10 million for Fiscal 2023, primarily due to an increase in the sale of goods by 20.0% to ₹30,819.49 million for Fiscal 2024 from ₹25,679.14 million for Fiscal 2023. The increase was due to the start and ramp-up of sales volume for some of the new contracts especially in the EV segment in North American and European market and growth in sales in the Indian passenger vehicle market. As a result of an increase in our income from sale of goods to ₹30,819.49 million in Fiscal 2024 from ₹25,679.14 million in Fiscal 2023, our trade receivables and trade payables also increased in Fiscal 2024 as compared to Fiscal 2023. Our receivables amounted to ₹6,482.63 million as on March 31, 2024 as compared to ₹6,088.52 million as on March 31, 2023 due to increase in our sales volume. Our trade payables were ₹2,981.05 million as on March 31, 2024 as compared to ₹2,489.34 million as on March 31, 2023 due to increase in cost of materials consumed and other expenses resulting from increase in sale of goods.

Foreign Exchange Gain

Our foreign exchange gain decreased by 99.9% to ₹0.12 million for Fiscal 2024 from ₹205.85 million for Fiscal 2023, primarily due to the change in the foreign exchange rate.

Other Income

Our other income increased by 106.7% to ₹239.48 million in Fiscal 2024 from ₹115.88 million in Fiscal 2023, primarily as a result of an increase in interest income, profit on sale of investments and other non-operating income.

Expenses

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress ("cost of materials"), employee benefits expenses, finance cost, depreciation and amortisation expense and other expenses, increased by 16.3% to ₹25,287.08 million for Fiscal 2024 from ₹21,747.09 million for Fiscal 2023.

Cost of Materials

Our cost of materials accounted for 43.8% and 43.9% of our total income for Fiscals 2024 and 2023, respectively.

Our cost of materials increased by 19.2% to ₹14,058.29 million for Fiscal 2024 from ₹11,795.48 million for Fiscal 2023 due to an increase in the sales of our systems and components during this period.

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

Our changes in inventories of finished goods and work-in progress decreased by 178.4% to ₹(316.94) million for Fiscal 2024 from ₹404.15 million for Fiscal 2023, primarily due to change in product mix and administrative expenses.

Employee Benefits Expenses

Our employee benefits expenses which primarily included salaries and other benefits paid to employees engaged by us, increased by 38.7% to ₹2,501.34 million for Fiscal 2024 from ₹1,803.54 million for Fiscal 2023 due to increased scale of operations, additional cost for ESOP 2023, increments to employee salaries, and additional cost from consolidation of the NOVELIC business in Fiscal 2024.

Finance Costs

Our finance costs increased by 52.4% to ₹257.98 million for Fiscal 2024 from ₹169.27 million for Fiscal 2023 primarily due to an increase in our interest on loans by 90.6% to ₹136.40 million in Fiscal 2024 from ₹71.55 million in Fiscal 2023 and an increase in interest on lease liabilities by ₹9.73 million.

Interest expenses increased primarily due to increase in average borrowings.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 23.7% to ₹2,202.25 million for Fiscal 2024 from ₹1,780.04 million for Fiscal 2023 of which, 20.2% increase was due to additions to our property, plant and equipment, primarily for increasing production capacity of differential gears and differential assemblies resulting in higher depreciation.

Other Expenses

Our other expenses accounted for 20.5% and 21.6% of our total income for Fiscals 2024 and 2023, respectively, due to favourable product mix, operational efficiency gains, and lower input cost.

Exceptional Item

Exceptional Item of ₹87.16 million during Fiscal 2024 represents expenses related to diligence work and other expenses incurred on for acquisition of NOVELIC.

Tax Expense

Our tax expense increased by ₹397.22 million to ₹1,535.30 million for Fiscal 2024 from ₹1,138.08 million for Fiscal 2023, primarily due to increased profits before tax in Fiscal 2024.

Profit for the Year

As a result of the foregoing factors, our profit for the year for Fiscal 2024 increased by 31.0% to ₹5,177.76 million from a profit of ₹3,952.97 million for Fiscal 2023.

Fiscal 2023 Compared to Fiscal 2022

Income

Our total income increased by 24.9% to ₹26,871.83 million for Fiscal 2023 from ₹21,506.66 million for Fiscal 2022, primarily due to an increase in our revenue from operations:

Revenue from operations

Our revenue from operations increased by 24.6% to ₹26,550.10 million for Fiscal 2023 from ₹21,306.40 million for Fiscal 2022, primarily due to an increase in the sale of goods by 26.3% to ₹25,679.14 million for Fiscal 2023 from ₹20,332.84 million for Fiscal 2022. This increase was caused by a ramp-up of sales volume for some of the new contracts especially in the EV segment in North America and growth in sales of the Indian passenger vehicle, commercial vehicle, and tractor market.

Foreign Exchange Gain

Our foreign exchange gain was ₹205.85 million for Fiscal 2023.

Other Income

Our other income decreased by 42.1% to ₹115.88 million in Fiscal 2023 from ₹200.26 million in Fiscal 2022, primarily due to one-time interest income on income tax refunds in Fiscal 2022.

Expenses

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress (“cost of materials”), employee benefits expenses, finance cost, depreciation and amortisation expense and other expenses, increased by 25.6% to ₹21,747.09 million for Fiscal 2023 from ₹17,317.61 million for Fiscal 2022.

Cost of Materials

Our cost of materials accounted for 43.9% and 46.0% of our total income for Fiscal 2023 and 2022, respectively.

Our cost of materials increased by 19.2% to ₹11,795.48 million for Fiscal 2023 from ₹9,892.03 million for Fiscal 2022 in proportion with the increase in the sales of our systems and components during this period.

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

Our changes in inventories of finished goods and work-in progress increased to ₹404.15 million for Fiscal 2023 from ₹(436.45) million for Fiscal 2022, primarily due to change in operations.

Employee Benefits Expenses

Our employee benefits expenses represent costs related to on-roll employees and therefore are largely fixed in nature. Our employee benefits expenses increased by 6.8% to ₹1,803.54 million for Fiscal 2023 from ₹1,688.77 million for Fiscal 2022, primarily due to an increase in number of employees because of increased scale of operations and annual increments given to employees in Fiscal 2023.

Finance Costs

Our finance costs decreased by 7.3% to ₹169.27 million for Fiscal 2023 from ₹182.57 million for Fiscal 2022 primarily due to a reduction in the average borrowings because of the repayment of long-term borrowings from initial public offering proceeds.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 25.4% to ₹1,780.04 million for Fiscal 2023 from ₹1,419.65 million for Fiscal 2022, of which, 24.3% increase was due to additions to our property, plant and equipment for increasing the production capacity of differential gears and differential assemblies resulting into higher depreciation.

Other Expenses

Our other expenses accounted for 21.6% and 21.3% of our total income for Fiscal 2023 and 2022, respectively. Other expenses increased by 26.8% due to change in product mix, one-time expenses related to tech partnerships and increase in travel costs due to post-COVID pick-up in business travels.

Exceptional Item

Exceptional Item of ₹33.69 million during Fiscal 2023 represents related to diligence work and other expenses incurred on for acquisition of NOVELIC.

Tax Expense

Our tax expense increased by 61.1% to ₹1,138.08 million for Fiscal 2023 from ₹706.32 million for Fiscal 2022, primarily due to a lower effective tax rate. The effective tax rate (tax expenses/profit before tax) in Fiscal 2023 was 22.4% compared to 16.3% in Fiscal 2022, due to a suppressed base caused by certain one-time tax impact. The effective tax rate is calculated from total tax expense and is divided by profit before tax for the respective fiscals.

Profit for the Year

As a result of the foregoing factors, our profit for the year for Fiscal 2023 increased by 9.3% to ₹3,952.97 million from a profit for the year of ₹3,615.43 million for Fiscal 2022.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital needs for our operations. We have met these requirements through cash flows from operations, equity infusions from shareholders and borrowings. As of March 31, 2024, we had ₹910.05 million in cash and cash equivalents, ₹2,038.54 million in short term borrowings and ₹292.05 million in long term borrowings from banks. We believe that, after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Issue, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Placement Document.

Our total liabilities based on our Audited Consolidated Financial Statements amounted to ₹5,954.63 million, ₹7,696.25 million and ₹10,648.09 million for the Fiscal Years 2022, 2023 and 2024, respectively.

There has been no incident of default of loans by the Company in the Fiscal Years 2022, 2023 and 2024.

On February 23, 2024, India Ratings and Research upgraded our long-term rating to “IND AA+” with stable outlook from “IND A” with a positive outlook and also affirmed a short term rating of “IND A1+”. According to the rating agency, the upgrade in our long-term rating reflects, among other things, reflects a significant increase in the consolidated profitability, along with a sizeable order book (including electric vehicle (EV) related order book) benefitting from consistent new product launches.

Cash Flows Based on Our Unaudited Condensed Interim Financial Statements

The table below summarizes the statement of cash flows, as per our consolidated cash flow statements, for the periods indicated:

	For the three month period ended June 30, 2024	For the three month period ended June 30, 2023
	(₹ in millions)	
Net cash generated from operating activities	2,563.46	1,744.00
Net cash (used in)/generated from investing activities	(2,847.28)	(1,803.23)
Net cash (used in)/generated from financing activities	(38.64)	198.58
Cash and cash equivalents at the end of the year	582.24	574.94

	2024	Fiscal 2023	2022
	(₹ in millions)		
Net cash generated from operating activities	6,927.51	5,332.89	4,445.81
Net cash (used in)/generated from investing activities	(4,715.21)	(5,629.05)	(3,534.45)
Net cash (used in)/generated from financing activities	(1,747.46)	187.45	(636.60)
Cash and cash equivalents at the end of the year	910.05	441.08	536.06

Operating Activities

Net cash generated from operating activities for the three months ended June 30, 2024 was ₹2,563.46 million, while our operating profit before working capital changes was ₹2,642.27 million. The difference was primarily attributable to cash outflows on account of tax payment of ₹300.50 million, increase in other assets of ₹245.17 million and decrease in financial liabilities of ₹93.40 million. This is partially offset by change in net working capital (consisting of changes in inventories, trade receivables and trade payable) of ₹509.89 million.

Net cash generated from operating activities for the three months ended June 30, 2023 was ₹1,744.00 million, while our operating profit before working capital changes was ₹1,964.58 million. The difference was primarily attributable to cash outflows on account of tax payment of ₹203.00 million and increase in other assets of ₹248.96 million. This is partially offset by change in net working capital (consisting of changes in inventories, trade receivables and trade payable) of ₹219.32 million.

Net cash generated from operating activities for Fiscal 2024 was ₹6,927.51 million, while our operating profit before working capital changes was ₹9,124.52 million. The difference was primarily attributable to cash outflows on account of increase in net working capital (consisting of changes in inventories, trade receivables and trade payable) of ₹247.44 million, increase in other assets of ₹724.40 million and tax payment of ₹1,552.66 million.

Net cash generated from operating activities for Fiscal 2023 was ₹5,332.89 million, while our operating profit before working capital changes was ₹7,065.13 million. The difference was primarily attributable to cash outflows on account of increase in net working capital (consisting of changes in inventories, trade receivables and trade payable) of ₹812.36 million and tax payment of ₹1,102.47 million.

Net cash from operating activities for Fiscal 2022 was ₹4,445.81 million, while our operating profit before working capital changes was ₹5,879.91 million. The difference was primarily attributable to cash outflows on account of increase in net working capital (consisting of changes in inventories, trade receivables and trade payable) of ₹833.01 million and tax payment of ₹543.67 million.

Investing Activities

Net cash used in investing activities for the three months ended June 30, 2024 was ₹2,847.28 million, which primarily included the purchase of property, plant and equipment, intangibles and capital work in progress including capital advances of ₹1,086.30 million and amount invested in current investment of ₹1,930.21 million.

Net cash used in investing activities for the three months ended June 30, 2023 was ₹1,803.23 million, which primarily included the purchase of property, plant and equipment, intangibles and capital work in progress including capital advances of ₹768.35 million, net fixed deposits created of ₹650.33 million and amount invested in current investment of ₹431.42 million.

Net cash used in investing activities for Fiscal 2024 was ₹4,715.21 million, primarily due to payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances, of ₹3,195.31 million and purchase of non-current investment, of ₹2,110.41 million.

Net cash used in investing activities for Fiscal 2023 was ₹5,629.05 million, which primarily included payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances, of ₹3,352.41 million and amount invested in current investment of ₹2,207.57 million.

Net cash used in investing activities for Fiscal 2022 was ₹3,534.45 million, which primarily on account of payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances of ₹3,472.13 million.

Financing Activities

Net cash used in financing activities for the three months ended June 30, 2024 was ₹38.64 million, and primarily included repayment of lease liabilities of ₹72.41 million, repayment of long-term borrowings of ₹48.67 million and interest paid of ₹45.65 million. It was partially offset by proceeds from net short-term borrowings of ₹176.74 million availed for working capital requirement.

Net cash generated from financing activities for the three months ended June 30, 2023 was ₹198.58 million, and primarily included proceeds from net short term borrowings of ₹268.75 million for working capital requirements.

Net cash used in financing activities for Fiscal 2024 was ₹1,747.46 million, and primarily included dividend paid of ₹1,792.94 million.

Net cash generated from financing activities for Fiscal 2023 was ₹187.45 million, which primarily included proceeds from short-term borrowings of ₹1,333.92 million availed for working capital requirement. This was partially offset by payment of dividend of ₹1,199.27 million.

Net cash used in financing activities for Fiscal 2022 was ₹636.60 million, which primarily included net cash used in repayment of long term borrowing of ₹2,505.67 million, repayment of net short-term borrowings of ₹898.02 million. It was partially offset by proceeds from issuance of equity shares of ₹3,040.75 million and payment of dividends of ₹449.95 million.

Indebtedness

As of March 31, 2024, we had long term borrowings from banks of ₹292.05 million and short term borrowings of ₹2,038.54 million, with a debt to equity ratio (debt comprises of term loans and total current borrowings while equity refers to total equity (excluding non-controlling interest)) of 8.8% as per the Audited Consolidated

Financial Statements. Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business.

Contractual Obligations

The table below sets forth our contractual obligations as of March 31, 2024 as per the Audited Consolidated Financial Statements. These obligations primarily relate to our contractual maturities of financial liabilities such as borrowings, trade payables, other financial liabilities (which includes current maturities of long-term debt, interest accrued, payables on purchases of fixed assets and MTM of derivative hedging instruments and lease liabilities.

	Total	Less than 1 year	1 year to 5 years	More than 5 years
		(₹ in millions)		
Borrowings	2,330.59	2,038.55	292.04	—
Trade Payables	2,981.05	2,981.05	—	—
Other financial liabilities	1,554.74	1,554.74	—	—
Lease liabilities	3,051.82	256.68	939.63	1,855.51
Total	9,918.21	6,831.02	1,231.67	1,855.51

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as of June 30, 2024 and March 31, 2024 as per the Unaudited Condensed Interim Financial Statements and Audited Consolidated Financial Statements:

	As of June 30, 2024	As of March 31, 2024
	(₹ in millions)	
(1) Claims against the Group not acknowledged as debts		
(i) Service tax		
Cases pending before Appellate Authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
(ii) Income Tax*		
Cases pending before Transfer pricing officer (AY-2013-14)	2.12	2.12
Cases pending before Transfer pricing officer (AY 2016-17)	2.80	2.74
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	92.55	90.85
Demand raised by AO for which company intent to file with CIT – Appeal for AY-2018-19	7.65	7.15
(iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Group has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18)	0.61	0.61
(iii) Goods and Services Tax Act		
Writ petition filed before high court***	281.97	281.97

* Amount paid under protest of ₹17.47 million (March 31, 2024: ₹17.47 million).

** Total disputed amount of the case is ₹101.18 million (March 31, 2024: ₹99.48 million) (including interest liability) out of which ₹8.63 million (March 31, 2024: ₹8.63 million) (including interest liability) has been provided as a provision and balance amount is being disclosed as a contingent liability.

*** Writ Petition challenging vires of Rule 96(10) of CGST Rules 2017, Based on professional advice, our Company believes that the case will be decided in their favour and hence no provision has been considered.

As hearing date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

(2) There are labour cases pending before High Court and Labour Commissioner/Officer. The Group has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made. Moreover, no monetary claim was filed or is pending.

(3) Duty paid and related export obligation status with respect to Export Promotion Capital Goods (“EPCG”) licenses which is six times of the duty saved, obtained by the Group are as under:

	As of June 30, 2024	As of March 31, 2024
	(₹ in millions)	
Export obligation pending	2,608.21	2,684.22

Off-Balance Sheet Arrangements

We undertake hedging of our net foreign currency exposure through forward contracts. Other than such forward contracts we do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We enter into various transactions with related parties. For further information see “*Financial Information – 2024 Audited Consolidated Financial Statements – Note 37 Related party disclosures*”, “*Financial Information – 2023 Audited Consolidated Financial Statements - Note 37 Related party disclosures*” and “*Financial Information – 2022 Audited Consolidated Financial Statements - Note 37 Related party disclosures*”, on pages 314, 389 and 459, respectively.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, foreign currency hedging instruments such as forward contracts and options. We have put in place appropriate risk management policies to limit the impact of these risks on its financial performance. The company ensures optimization of cash through fund planning and robust cash management practices.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of our borrowings, both term and working capital, are floating rate linked borrowings wherein interest rate is reset at different time intervals. Fluctuation in interest rates will therefore have a bearing on our debt service obligations.

The exposure of our borrowings to interest rate changes as per the Audited Consolidated Financial Statements at the end of the reporting period is as follows:

	As of March 31, 2024 (₹ in millions)
Variable rate borrowings	2,330.58
Fixed rate borrowings	-
Total borrowings	2,330.58
Sensitivity	
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.	
Impact on profit after tax	
Interest rate increase by 1.00%	16.86
Interest rate decrease by 1.00%	(16.86)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our Company’s operating activities (when revenue or expense is denominated in a foreign currency). We operate internationally and a large portion of the business is transacted mainly in US\$ and consequently we are exposed to foreign exchange risk through our sales and services in the USA, Europe, China and other countries across the world, and purchases from overseas suppliers in various foreign currencies. Foreign currency fluctuation will also have an effect on assets and liabilities of our foreign subsidiaries.

The Company's exposure to foreign currency risk as per the Audited Consolidated Financial Statements at the end of the reporting period indicated is as follows:

As at March 31, 2024 (in million)	
Trade receivables and others	
United States Dollar (USD)	44.31
Euro (EUR)	3.69
Renminbi (RMB)	1.72
Trade payables	
United States Dollar (USD)	2.85
Euro (EUR)	9.31
Japanese Yen (JPY)	264.79
Canadian Dollar (CAD)^	0.00
Swiss Franc (CHF)	0.01
Serbian Dinar (RSD)	839.36
Mexican Pesos (MXP)	5.45
Renminbi (RMB)	0.77
Others	0.03
^Rounded off to Nil	
Outstanding forward contracts as at the reporting date (USD) – Receivable	132.65
Outstanding forward contracts as at the reporting date (EUR) - Receivable	20.91
Outstanding forward contracts as at the reporting date (JPY) - Payable	244.58
Outstanding forward contracts as at the reporting date (EUR) - Payable	15.96

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instrument. Impact on profit after tax as per the Audited Consolidated Financial Statements is as follows.

For the period ended March 31, 2024	
Net currency receivables/(payables)	
USD sensitivity	
₹/USD – increase by 1.0% *	25.87
₹/USD – decrease by 1.0% *	(25.87)
EUR sensitivity	
₹/EURO – increase by 1.0% *	(3.78)
₹/EURO – decrease by 1.0% *	3.78
JPY sensitivity	
₹/JPY – increase by 1.0% *	(1.09)
₹/JPY – decrease by 1.0% *	1.09
RMB sensitivity	
₹/RMB – Increase by 1.0% *	0.08
₹/RMB – Decrease by 1.0% *	(0.08)
CAD sensitivity	
₹/CAD – Increase by 1.0% *	(0.00)
₹/CAD – Decrease by 1.0% *	0.00
MXP sensitivity	
₹/MXP – Increase by 1.0% *	(0.20)
₹/MXP – Decrease by 1.0% *	0.20
CHF sensitivity	
₹/CHF – Increase by 1.0% *	(0.01)
₹/CHF – Decrease by 1.0% *	0.01
RSD sensitivity	
₹/RSD – Increase by 1.0% *	(4.82)
₹/RSD – Decrease by 1.0% *	4.82

* Holding other variables constant

Liquidity Risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short-term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management. The table below sets forth our undrawn borrowings facilities as per the Audited Consolidated Financial Statements as at March 31, 2024.

	As at March 31, 2024
	(₹ in millions)
Expiring within one year (bank loans)	6,469.15
Expiring beyond one year (bank loans)	Nil

Capital Expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for purchase of plant and equipment. In Fiscal Years 2022, 2023 and 2024, our capital expenditures (comprising of payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances) were ₹3,472.13 million, ₹3,352.41 million and ₹3,195.31 million, respectively as per our Audited Consolidated Financial Statements.

Significant Economic Changes

Other than as described above under the heading titled “*Principal Factors Affecting Our Financial Condition and Results of Operations*,” to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Unusual or Infrequent Events of Transactions

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled “*Principal Factors Affecting Our Financial Condition and Results of Operations*” and the uncertainties described in the section titled “*Risk Factors*” beginning on pages 92 and 46, respectively. To our knowledge, except as described or anticipated in this Placement Document, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

Future Relationship Between Cost and Income

Other than as described in this Placement Document, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

New Products or Business Segments

Other than as described in “*Our Business*” on page 166 of this Placement Document, there are no new products or business segments in which we operate.

Seasonality of Business

Our business is not subject to seasonal variations.

Qualification Included by Auditors

Our Statutory Auditors have not included any audit qualification in relation to our Audited Consolidated Financial Statements for Fiscal Year 2024.

Significant Developments After March 31, 2024

Except as stated in this Placement Document and as disclosed below, no circumstances have arisen since the date of the Audited Consolidated Financial Statements as disclosed in this Placement Document which materially and adversely affect or are likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Payment of dividend

Our Company proposed a dividend of ₹1.53 per Equity Share at the meeting of the Board held on April 30, 2024. This was approved by the Shareholders of our Company in their meeting held on June 28, 2024. Our Company paid this dividend on July 4, 2024.

INDUSTRY OVERVIEW

The information contained in this section is taken from the CRISIL Report. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Unless otherwise indicated, financial, operational, industry and other related information derived from the Industry Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Macroeconomic overview of global and Indian economy

Overview of global economy

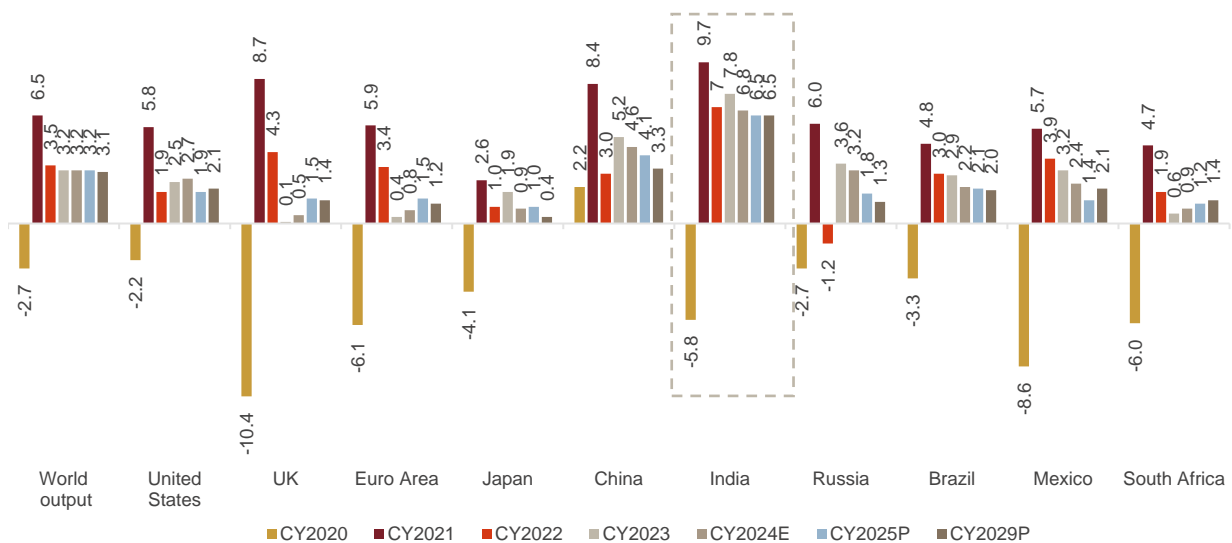
Review and outlook of global GDP growth

The International Monetary Fund (“IMF”) projects global gross domestic product (“GDP”) growth at 3.2% in 2024, unchanged from 2023. The projection is still below the historical annual average of 3.8%, reflecting restrictive monetary policies, withdrawal of fiscal support by major economies towards emerging markets, and low underlying productivity growth. Geopolitical uncertainties, considerable tightening of global monetary conditions to address elevated inflation, and long-term fallouts of the COVID-19 pandemic are holding back a steady recovery. Other cyclical factors include elevated central bank policy rates to control inflation in several large emerging markets and developed economies, withdrawal of fiscal support amid high debt levels, and extreme weather events.

For advanced economies, growth is forecasted to rise slightly to 1.7% in 2024 from 1.6% in 2023. An upward revision of 0.2 percentage point for 2024 reflects stronger growth in the US, partly offset by weaker growth in the euro area.

In emerging market and developing economies, growth is expected to be stable at 4.2% in 2024 and 2025 compared to 4.3% in 2023, with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa. An upward revision of 0.1 percentage point for 2024 from the October 2023 World Economic Outlook (“WEO”) reflects upgrades for several regions. Emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences.

GDP growth of key economies (%)



Note: Euro area comprises 19 member countries of the European Union (EU); years mentioned in the graph are calendar years. Source: IMF (WEO – April 2024 update), CRISIL MI&A Consulting

Qualitative review of geopolitical risks, supply chain disruptions, and their impact on the automotive sector

Red Sea attacks disrupt Global Trade

In the past few months, global trade has been held back by disruption at two critical shipping routes. Attack on vessels in the Red Sea reduced traffic through the Suez Canal - the shortest maritime route between Asia and Europe, through which about 15% of global maritime trade volume normally passes. Several shipping companies diverted their ships around the Cape of Good Hope. This led to increase delivery times especially for companies with limited inventories. A severe drought at the Panama Canal has forced authorities to impose restrictions that have substantially reduced daily ship crossing, slowing down maritime trade through another key chokepoint that usually accounts for 5% of global maritime trade.

Commodity price spikes amid geopolitical and weather shocks

The conflict of Gaza and Israel could escalate further into the wider region, which produces about 35% of the world's oil export and 14% of gas exports. Risks due to continued attacks in the Red Sea and the ongoing war in Ukraine are generating fresh adverse supply shocks to global recovery, with spike in food, energy, and transportation costs.

Tighter monetary policy stance

A slower than expected decline in core inflation in major economies owing to persistent labour market tightness and supply chain disruptions could impact rise in interest rate expectation and fall in asset prices, as early in 2023. Such developments could increase financial stability risks, tighten global financial conditions, and strengthen the US dollar, with adverse consequence for trade and growth.

Faltering growth in China

With a substantial share of economies' exports absorbed by China, a weaker-than-expected recovery in China would have significant cross-border effects, especially for commodity exporters and China's outbound tourism is still far from a full recovery. Fixed investment has weakened indicates external demand weakness. Unintended fiscal tightening in response to local government financing constraints is also possible, as is reduced household consumption in a context of subdued confidence. Risks to the outlook include ongoing weakness in the Chinese real estate market, which could pose a larger-than-expected drag on growth and potentially lead to financial stability risks.

Overview of the Indian economy

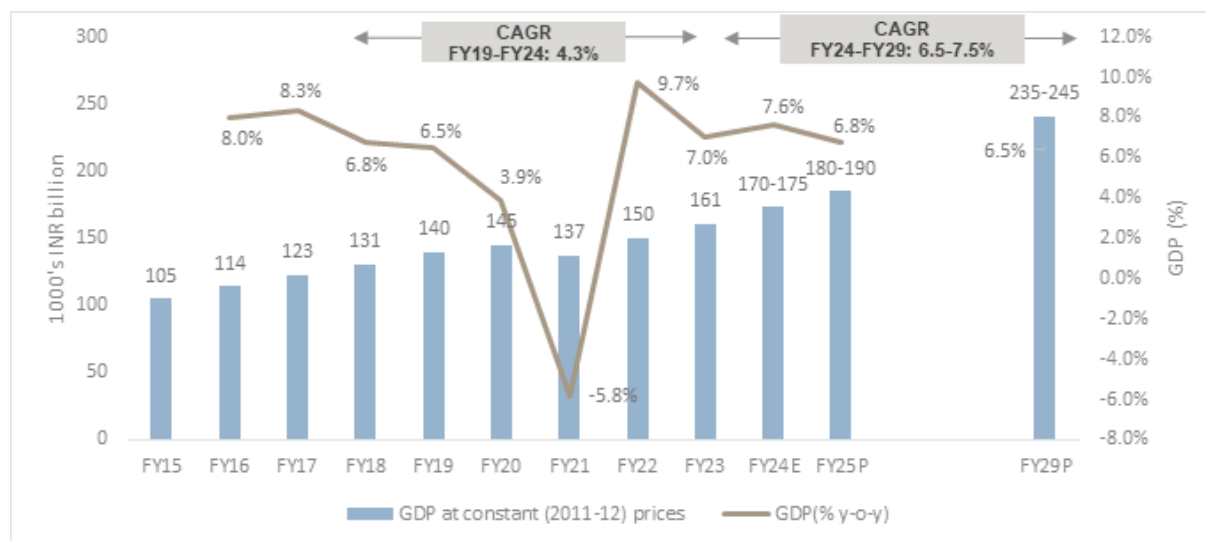
Review of GDP growth over Fiscals 2019-2024 and outlook for Fiscals 2024-2029

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. This was a sharp deceleration from a robust 6.7% CAGR between Fiscals 2017 and 2019, which was driven by rising consumer aspiration, rapid urbanization, 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, defense, railways, and insurance for Foreign Direct Investments ("FDI").

After a strong GDP estimate in the past three fiscals, CRISIL MI&A 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. Exports could be affected 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: P – projected

Source: National Statistical Office, IMF, CRISIL MI&A estimates

Outlook on GDP

For the Fiscal 2025, India's GDP growth is expected to moderate to 6.8% after a better-than-expected 7.6% expansion in Fiscal 2024, given that high interest rates and lower fiscal impulse (from reduction in fiscal deficit to 5.1% of GDP) would temper demand and the net tax impact would normalize.

Additionally, uneven economic growth of key trading partners and escalation of geopolitical uncertainties can lower exports. But there will be support from other areas. Continued disinflation will prop up the purchasing power of consumers. Healthy rabi sowing and good kharif output (assuming another spell of normal monsoon is ahead) will bolster agricultural incomes. Further, a gradual pick-up in private capital expenditure will make investment growth more broad-based. The government has also provided budgetary support to rural incomes and infrastructure spending.

The lowering of fiscal deficit will mean curtailed fiscal impulse to growth, but good quality of spending would provide some support to the investment cycle and rural incomes. CRISIL also expects a normalization of the net indirect tax impact on GDP witnessed in the current fiscal. Uneven economic growth in key trade partners such as the US and the European Union, and an escalation of the ongoing Red Sea tensions can act as drag on exports.

Key Structural Reforms in the Indian Economy

Over the past decade, the government has progressively implemented reforms, including notable initiatives such as the GST, Insolvency and Bankruptcy Code, and industrial Production Linked Incentives (“**PLI**”), expected to have significant structural impact. Focus has been on physical infrastructure to improve connectivity and reduce logistics expenses by modernizing highways, ports, airports, and railways. Efforts are also made to streamline government subsidy delivery and ensure efficient payment mechanisms. In digital infrastructure, synergies with physical infrastructure are established to optimize digital connectivity and accessibility. Additionally, fast-tracking clearances, reducing corporate tax rates, and easing FDI norms contribute to improving the ease of doing business. Despite progress, ongoing opportunities for further enhancement indicate a continued commitment to reform and improvement.

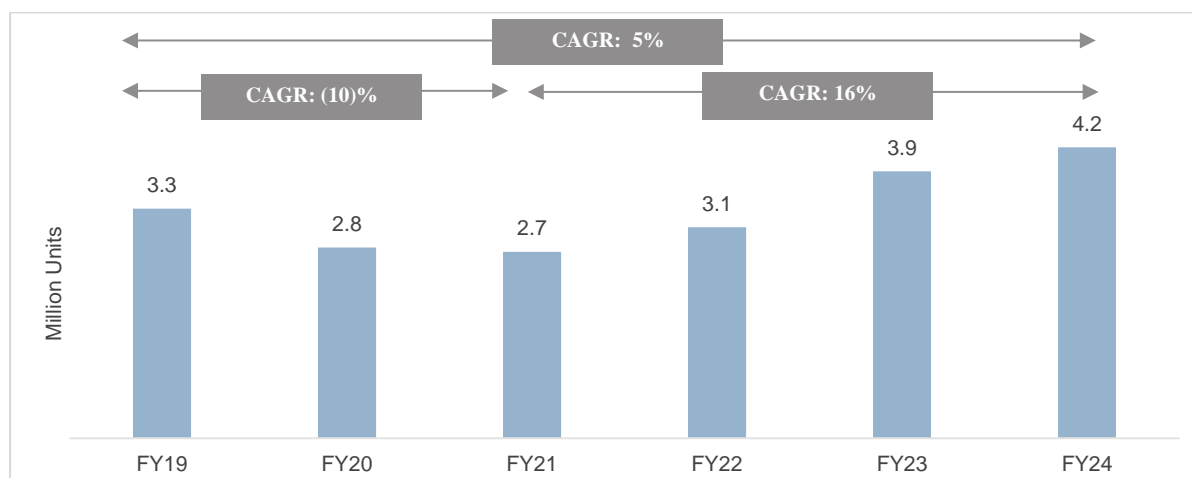
Review of the Indian Automobile Industry

Review of the Indian Domestic PV Industry (Fiscal 2019 to Fiscal 2024)

Between Fiscals 2019 and 2024, India's domestic PV sales volume 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 high of 3.9 million vehicles in Fiscal 2023 and 4.2 million vehicles in Fiscal 2024.

Review of the domestic PV sales volumes



Note:

1. Figures in bracket to be read as negative (Eg. (10) to be read as minus 10)
2. Passenger vehicles ("PVs") are four wheeled motor vehicles used for carriage of passengers comprising not more than eight seats in addition to the driver's seat. PVs include hatchbacks, sedans, SUV, MPV and vans under it.

Source: SIAM, CRISIL MI&A

Segmental Shifts Amidst Premiumisation

The passenger vehicle industry can be broadly classified basis body types into hatchbacks, sedans, sports utility vehicles ("SUVs"), multipurpose vehicles ("MPVs") and vans. Traditionally, Indian passenger vehicle buyers have been cost conscious, with mileage and initial vehicle buying cost being the two main pillars of decision-making. Thereby, the hatchbacks segment had been leading PV sales over the years primarily because of the lower ticket size and lower running costs, making them affordable to the average Indian customer.

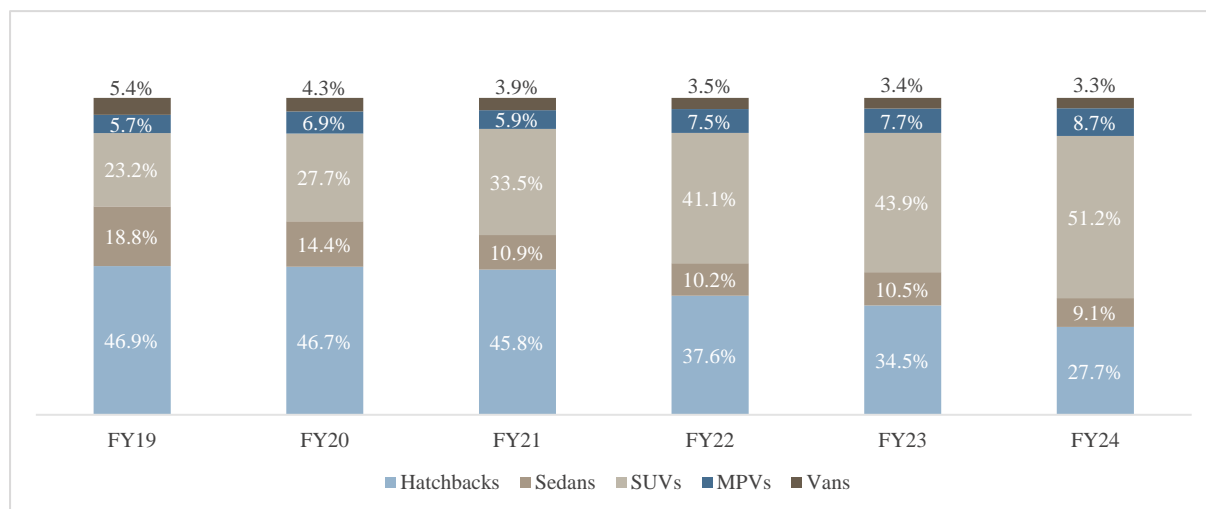
However, with a growing share of younger buyers in India, there is an increasing awareness and preference towards parameters other than price such as exterior and interior design, driving experience, safety, advanced features and aesthetics, resulting in inter-segmental shift towards SUVs as well as intra-segmental shifts towards the mid- to top-end variants. OEMs like Tata Motors and Hyundai Motor India have addressed this change by showcasing enhanced vehicle safety in their recent launches. Several OEMs have also gradually introduced advanced features and trickled them down from their top variants to the mid variants. Furthermore, rising disposable incomes has also given an impetus to growth in the SUV segment.

Customer buying behaviour is also changing, wherein they are increasingly prioritising vehicle experience and technology over cost 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 driving the intra-segmental shifts. This shift towards feature loaded vehicles is also driving the premiumisation trend.

The share of small cars (hatchbacks) reduced from 46.9% in Fiscal 2019 to 27.7% in Fiscal 2024. During the same period, share of SUVs increased from 23.2% in Fiscal 2019 to 51.2% in Fiscal 2024.

Typically, hatchbacks are priced (ex-showroom) between INR 4 lakhs to 10 lakhs, sedans between INR 10 lakhs to 25 lakhs while SUVs are normally priced within INR 6 lakhs to 45 lakhs range and MPVs are between INR 10 lakhs to 30 lakhs. Within SUVs, compact SUVs are in INR 6 lakhs to 15 lakhs range, Mid-size SUVs are priced between INR 10 lakhs to 25 lakhs, Large SUVs are typically priced between INR 15 lakhs and 45 lakhs.

Segment-wise trends in the overall PV sales volumes in India



Source: SIAM, CRISIL MI&A

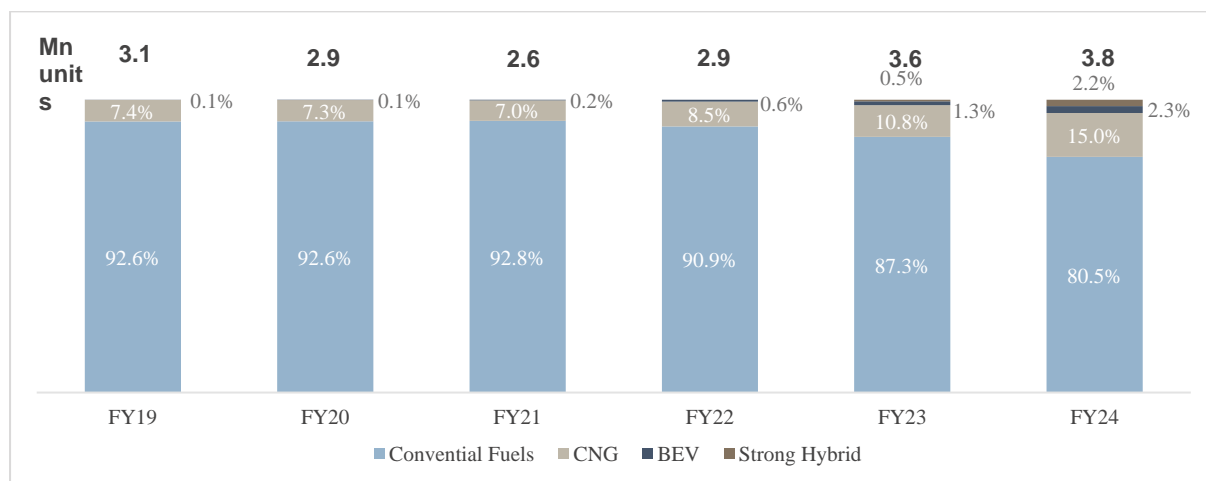
Changing Powertrain Mix in the Indian Passenger Vehicles Industry

Conventional fuel powertrains (petrol and diesel) have dominated the Indian passenger vehicle industry for decades. Petrol vehicles were the preferred choice primarily due to low acquisition cost as compared to diesel vehicles. This was despite diesel being cheaper than petrol, however, during Fiscal 2012 to Fiscal 2014 period, there was an increasing preference for diesel vehicles due to rising petrol prices and further increase in the price gap with diesel. This was also supported by the fact that diesel vehicles gave better mileage, and there was only a slight difference in acquisition cost for a diesel vehicle.

However, considering the higher air pollution and environmental harm caused by diesel vehicles, the Supreme Court ordered a ban on diesel vehicles in the NCR region in order to reduce air pollution and improve the air quality. Moreover, higher price rise in diesel vehicles for the emission norms (BS-IV & BS-VI) implementation shifted consumer preference towards the petrol vehicles after Fiscal 2015. Subsequently, the share of diesel PV retails in the industry dropped from 48% in Fiscal 2015 to 37% in Fiscal 2019.

Moreover, the shift in OEM focus from diesel to petrol including discontinuation of diesel models by few OEMs like Maruti Suzuki with the onset of stricter BS-VI norms, exacerbated the situation for diesel vehicles. In Fiscal 2024, the share of diesel powertrain in the industry retail slid to only 18%. On the other hand, the share of petrol variants expanded from 56% in Fiscal 2019 to 63% by Fiscal 2024.

Powertrain mix trend of PV industry retails



Note: Strong hybrid: Vehicles having a combustion engine as well as an electric motor. The vehicle can be powered by the engine, by the battery, or by both simultaneously. Battery of the vehicle is charged by the combustion engine and not by an external power source. Telangana & Lakshadweep retail data is not available on VAHAN.

Source: VAHAN, CRISIL MI&A

Key Industry Growth Drivers & Trends

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 (CAGR 2021-2023), growing at 15.4% vs. 6.8% for global passenger vehicle market. 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. Although the penetration grew from 22 cars per 1000 people in Fiscal 2019 to 26 cars as of Fiscal 2024, it 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.

Regulations / safety norms

Based on European emission standards, the Indian government has introduced the Bharat Stage norms, which are being implemented in a phased manner in the country. These mandatory norms increase the capital expenditure of the auto OEMs and in turn significantly impact the industry's profitability. Currently BS-VI norms are being followed in India.

For the BS-VI stage 2 norms, applicable from Fiscal 2024, companies have invested in the relevant technology, research, and development, and signed joint ventures with global players. The norms resulted in price hike for vehicles across segments owing to the addition of new technologies to meet new emission regulations.

GST tax structure

The government can change the course of the PV industry by changing the tax structure. Through GST, the government reduced tax rates slightly and increased the cess in order to reduce the price parity with pre-GST regime. The government has been levying high tax on diesel vehicles in order to discourage use. Consumers have a preference for diesel vehicles due to the better mileage as against petrol variants. In order to encourage electric vehicles ("EVs"), the government has reduced taxes on EVs from 12% tax to 5%, much lesser than internal combustion engine vehicles (28%). Also, the excise duty on petrol is a variable which the government adjusts to control fuel prices, which again has a high correlation with the PV industry sales. Further, the government may aim to lower the GST for hybrids to further minimize the usage of traditional ICE vehicles.

Government boost for Compressed Natural Gas ("CNG")

On April 6, 2023, the Cabinet Committee on Economic Affairs chaired by Prime Minister Narendra Modi approved a revised pricing mechanism for natural gas produced in India, based on the recommendations made by the Kirit Parikh Committee in December 2022. The committee evaluated ways to boost natural gas production and ensure availability and affordability for end-users. The recommendations by the committee focused on price capping, deregulating the gas market, and bringing natural gas under the GST umbrella.

With the new pricing mechanism, the domestic gas price was capped at USD 6.5 per mmBtu for the Fiscal 2024. Thus, CNG prices declined by 4% to INR 74/kg Fiscal 2024. This decline in prices resulted the difference in total cost of ownership between diesel and CNG, favouring CNG transition and hence the long-term prospects for CNG adoption remain promising.

Premiumization trend

The average selling price between Fiscal 2019 and 2023 increased at a CAGR of 7-8% 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. During the same period, share of SUVs increased from 23.1% in Fiscal 2019 to 44% in Fiscal 2023.

This was majorly driven by shift in consumer sentiments towards newly launched feature rich vehicles in the SUV segment.

Increase in spending from the upper middle class after pandemic led to more purchases of SUVs supported by higher number of model launches in the SUV category (which have higher profit margins) and increase in affordability with launch of compact SUVs led to cannibalization of hatchbacks and compact sedans.

New model launches

Apart from increasing sales of existing models, sales of new models have supported the overall industry's growth in the past decade, thereby driving demand. Most recent launches were mostly SUVs, which accelerated growth of the industry. As of Fiscal 2023, a total of 10 new models were launched in various segments. These new models contributed to 3.1% of overall PV sales in that Fiscal. Few of the notable model launches includes Maruti Suzuki Grand Vitara, Toyota Urban Cruiser Hyryder, Volkswagen Virtus, Innova Hycross and Hyundai Ioniq 5. In Fiscal 2024, a total of 9 models were launched that contributed to over 6.6% of PV sales. Key model launches include Maruti Suzuki Fronx, Hyundai Exter, Honda Elevate and MG Comet EV. Going forward, the new vehicle pipeline is expected to provide additional thrust to domestic sales.

Outlook on the Domestic Passenger Vehicle Industry

Going ahead, CRISIL MI&A expects the macroeconomic scenario to lend support to the industry growth with GDP projected to grow at a healthy pace between Fiscal 2024 to Fiscal 2029. India's GDP growth is expected to outperform other major geographies in the next 5 years with an expected growth rate of 6-8%. India's inflation levels are also expected to remain subdued in the 3-5% range, which is within the RBI's target band.

Besides the macro-economic factors, continued support from government in terms of policies as well as continued expenditure and investments are expected to provide an added support. The favourable demographics is an added advantage for India which is also expected to help propel the passenger vehicle industry forward.

Additionally, OEMs are expected to continue with launches of feature rich competitively priced vehicles aiding the overall demand growth.

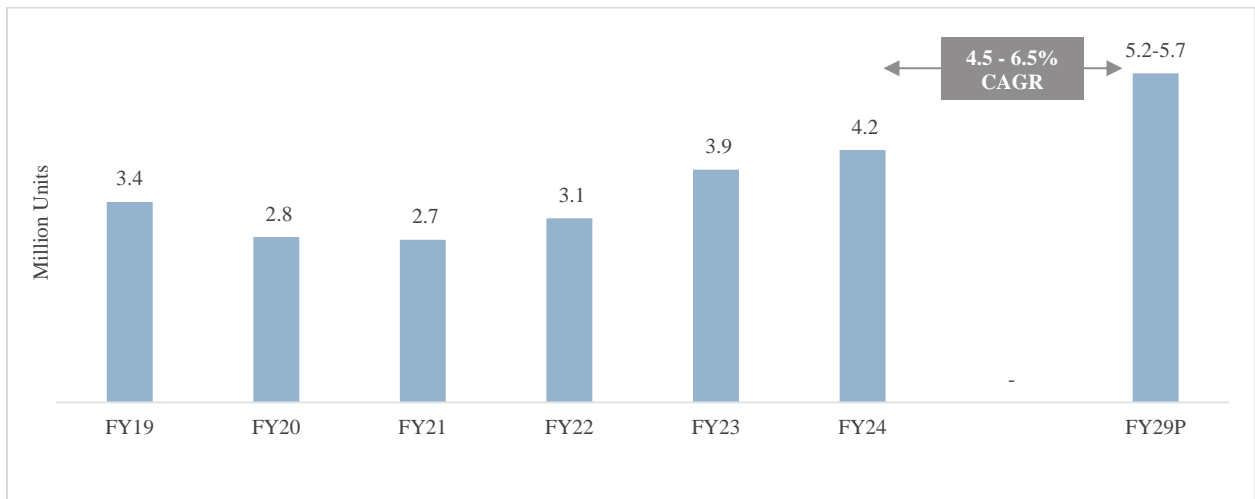
The changing consumer dynamics including younger consumer base, premiumisation, electrification, shorter replacement cycles (4-5 years currently versus 7-8 years a decade ago) will provide further impetus to the demand. Additionally, the government's push for scrapping of old vehicles is expected to help in shortening replacement cycles and hence aid demand.

Over and above these demand drivers, the capacity expansion by players like Maruti Suzuki, Hyundai Motor India, Tata Motors is expected to support the growing vehicle demand. Moreover, the expansion in the supporting infrastructure like EV charging stations and CNG pumps will also aid choices for customers across powertrains.

CRISIL MI&A expects the industry to clock 4.5-6.5% CAGR between Fiscal 2024 to Fiscal 2029 period to reach 5.2-5.7 million domestic vehicle sales.

CRISIL MI&A has considered 3 different GDP growth scenarios for the next 5 years. At a 6% CAGR GDP growth scenario, the PV industry is projected to reach approximately 5.2 million units by Fiscal 2029 growing at 4.5% CAGR in the next 5 years. Assuming a 7% CAGR GDP growth, 5.5% CAGR growth can be achieved for the PV industry. If India achieves 8% CAGR GDP growth in the next 5 years, the domestic passenger vehicle industry will clock approximately 6.5% CAGR growth and reach approximately 5.7 million vehicle levels by Fiscal 2029 according to CRISIL MI&A estimates.

Domestic PV Industry outlook (volumes)



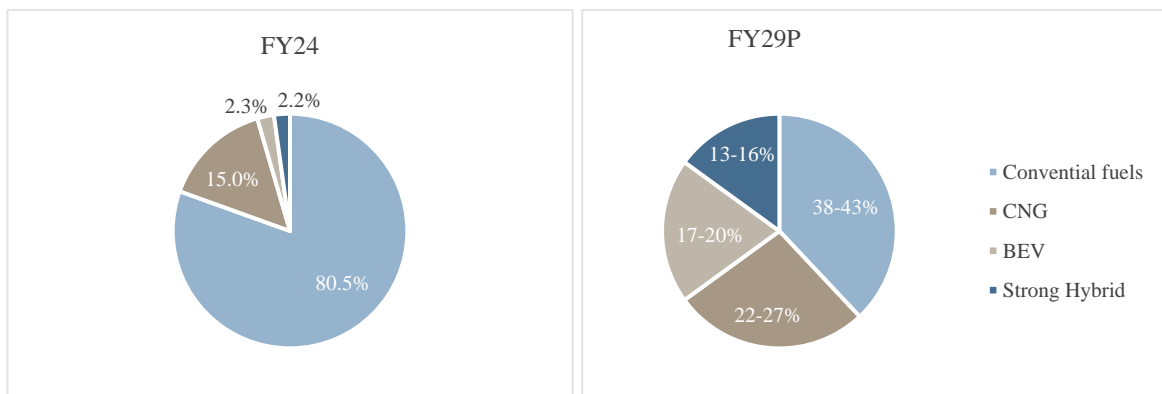
Source: SIAM, CRISIL MI&A

Outlook on the Powertrain mix of the industry

Indian domestic passenger vehicle industry, which was completely dominated by the conventional fuels, has witnessed fast acceptance of alternate fuels especially in the last 2 or 3 years. In fact, the share of CNG powertrain doubled to 15% while EV (2.3% share) and the latest addition, strong hybrids (2.2% share) expanded their presence in the vehicle retails.

Going forward, CRISIL MI&A expects the share of alternate fuel vehicles to witness a multi-fold growth while the conventional fuel vehicle’s share will slide.

Powertrain wise outlook of the industry



Note: Strong hybrid: Vehicles having a combustion engine as well as an electric motor. The vehicle can be powered by the engine, by the battery, or by both simultaneously. Battery of the vehicle is charged by the combustion engine and not by an external power source. Telangana & Lakshadweep retail data is not available on VAHAN.

Source: VAHAN, CRISIL MI&A

By Fiscal 2029, CRISIL MI&A projects the share of CNG variants to rise to 22-27% from the 15% share clocked in Fiscal 2024. Healthy growth in CNG station infrastructure will primarily thrust the growth of CNG vehicle share. Amidst the government’s push coupled with the support of City Gas Distribution (“CGD”) players, completion of commitments under the CGD rounds is expected to pick up pace. Thus, CNG station infrastructure is projected to rise at a healthy pace till 2030.

Electrification is another trend witnessed in the Indian domestic passenger vehicle market in the last 2 or 3 years. Plethora of vehicle launches, expanding charging infrastructure and continued government support will aid further growth of electrification in India going ahead. CRISIL MI&A expects the EV penetration to reach 17-20% (approximately 1 million units) by Fiscal 2029 from the 2.3% penetration (approximately 90 thousand units) seen in Fiscal 2024.

However, for EVs, range anxiety, limited charging infrastructure, import dependency on certain components, higher import duties and underdeveloped local supply chain are few bottlenecks.

The recent entry of strong hybrid vehicles such as Maruti Suzuki Grand Vitara, Maruti Suzuki Invicto, Toyota HyRyder, Toyota Hycross and Honda City have witnessed fast acceptance due improved mileage, environmental benefits coupled with absence of EV concerns like range anxiety, limited charging infrastructure, etc. In the last 2 years, strong hybrid powertrains have grabbed approximately 2% share of the annual retails of the PV industry.

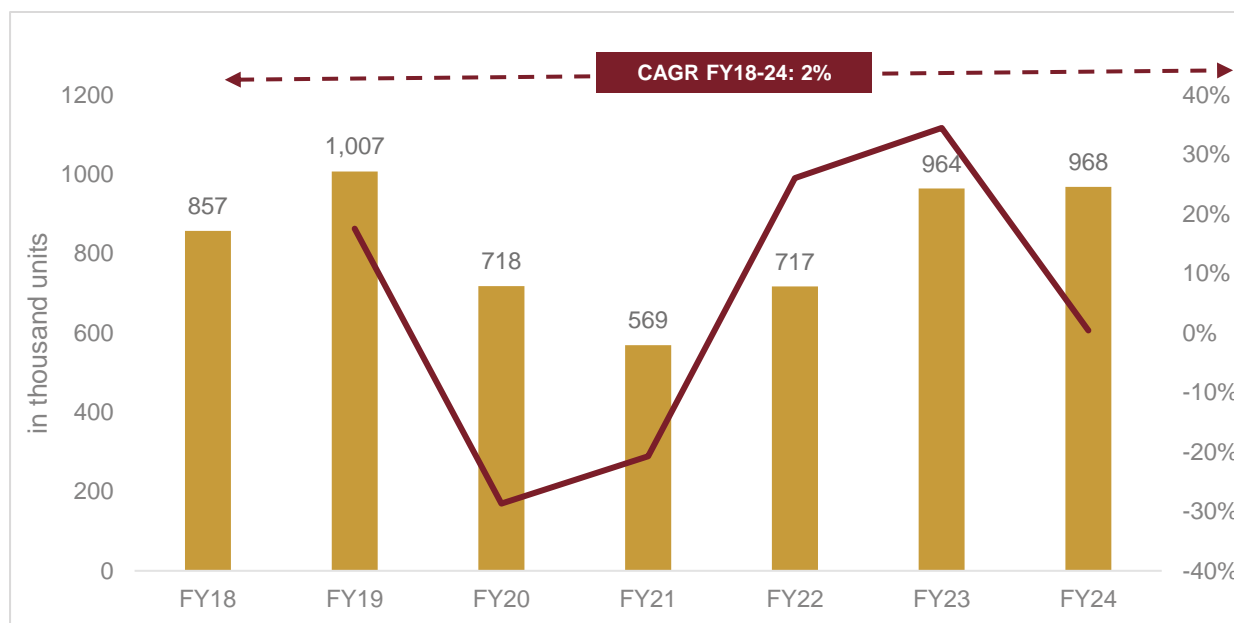
In the long-term horizon, CRISIL MI&A projects higher traction for strong hybrids, further buoyed by attractive hybrid offerings, OEM focus, infrastructure availability and government support. By Fiscal 2029, strong hybrids are projected to contribute about 13-16% to the industry retails.

Review of Indian CV industry

Historic domestic commercial vehicle industry

Between Fiscals 2018 and 2024, domestic CV sales logged a CAGR of 2%. The CV industry exhibited a noteworthy recovery in Fiscal 2023, achieving a remarkable growth rate of 35% over Fiscal 2022, albeit on a low base, and reaching 96% of the pre-pandemic levels observed in Fiscal 2019. This resurgence can be attributed to pent-up replacement demand, improved transporter profitability, and the pick-up in capex that had been hampered during the preceding 2-3 years due to economic stagnation and the disruptive impact of the pandemic.

Review of domestic commercial vehicle industry (in volume terms of sales)



Source: SIAM, CRISIL MI&A

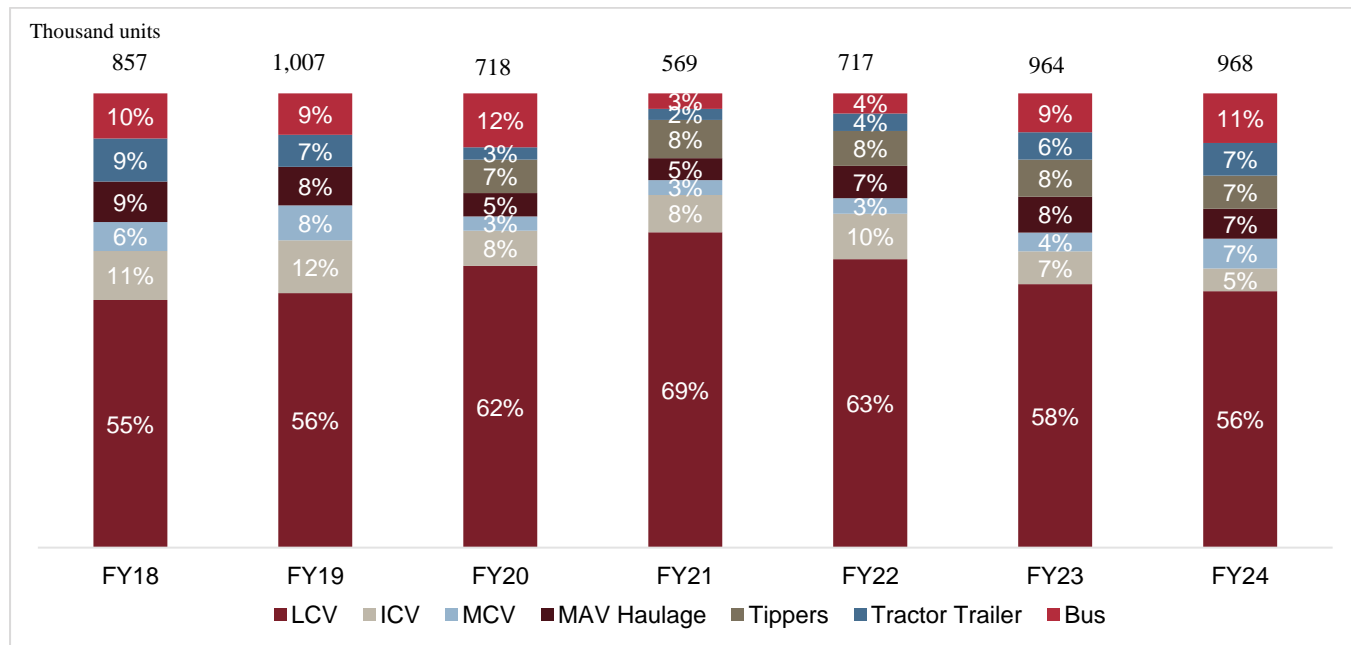
Segmental Trends

The CV sales for Fiscal 2024 witnessed almost flat industry over Fiscal 2023. 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 35% over Fiscal 2022, reaching 96% of pre-pandemic levels

The 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 led to a decline in sales. The Medium and Heavy Commercial Vehicle (“MHCV”) segment witnessed a stable outlook in Fiscal 2024. In Fiscal 2024, the bus sales sector witnessed substantial growth to 27% over Fiscal 2023. This growth is anticipated to be bolstered by robust replacement demand; wherein older buses will be replaced with newer ones. In Fiscal 2025, we expect CV sales to grow at a moderate rate of (2)-0% due to the impact of the upcoming union elections and the cyclical nature of the industry.

In Fiscal 2024, domestic CV industry is dominated by the LCV goods segment contributing to more than half of the vehicle sales. The larger MHCV segment which includes ICV, MCV, MAV Haulage, Tractor trailers and Tippers contributes to 33%. The rest is contributed by buses in the CV segment accounting for 11%.

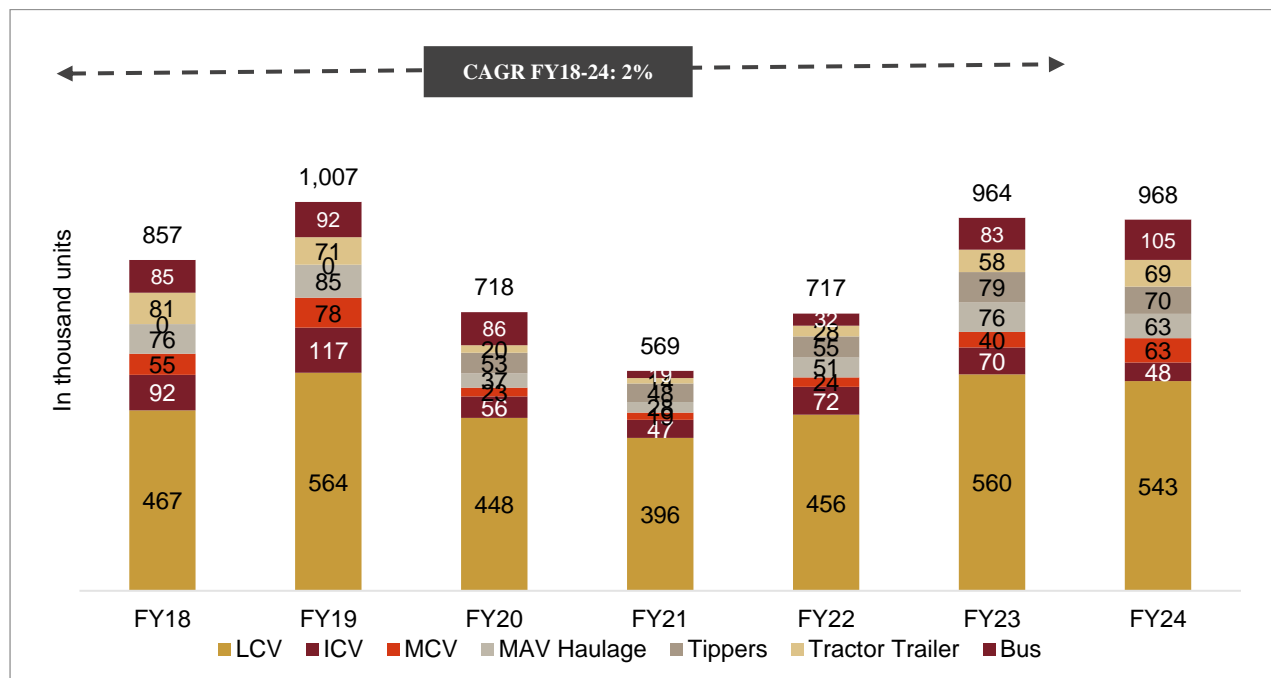
Segment-wise share in domestic wholesale industry



Source: SIAM, CRISIL MI&A

Note: All percentages have been rounded off.

Segmental sales trend



Note: Domestic sales are exclusive of Bharat Benz sales as the same are not reported by SIAM

Source: SIAM, CRISIL MI&A

Growth Drivers for Commercial Vehicles in India

Increasing freight rates to aid in materialization of deferred demand

In Fiscal 2024, fuel prices constituted approximately 55% of transporter costs, exerting a considerable influence on their overall profitability. During this period, diesel prices experienced a modest increase of around 2%. Concurrently, freight rates also rose by an estimated 6%, signalling improved transporter profitability and heightened demand for freight services. These favourable factors are expected to boost CV sales, as the industry capitalizes on the increased demand in the transportation sector

Shift in fuel types of CVs to CNG

The adoption of CNG in the LCV segment faced challenges in Fiscal 2024 due to a significant 57% increase in CNG prices relative to a minor 2% rise in diesel prices. As a result, the gap between CNG and diesel prices narrowed, leading to a reduction in the Total Cost of Ownership (“TCO”) benefits of CNG models. Consequently, the LCV segment observed a marginal decline in the share of CNG vehicles, indicating possible shifts in consumer preferences.

Despite these challenges, the long-term prospects for CNG adoption remain promising. Fluctuating fuel prices and potential government incentives for eco-friendly alternatives could potentially reignite demand for CNG-powered vehicles. Moreover, advancements in CNG technology and the expansion of refuelling infrastructure may enhance the appeal of CNG models, offering a greener and more sustainable solution for the transportation sector.

Healthy industrial growth

The Indian industry's Gross Value Added (“GVA”) grew at a tepid pace of 3.7% between Fiscals 2019-2024. After approximately 5% growth in Fiscal 2019, industrial GVA witnessed contraction in the next two years amidst the unfavourable macroeconomic scenario and the COVID-19 pandemic.

From the low base of Fiscal 2021, industrial GVA bounced back rapidly in Fiscal 2022 and grew at approximately 11.5%. Gradual improvement continued in Fiscal 2023 at 4.4% and approximately 3% in 2024. Over the next five-year period (Fiscal 2024-2029), industry GVA is expected to be robust driven by the government's focus on 'Make in India'. Moreover, improvement in infrastructure and higher expected corporate expenditure is likely to support the capex cycle going forward post Fiscal 2024.

Government's focus on infrastructure

The National Infrastructure Pipeline (“NIP”) for Fiscal 2019-2025 is a government initiative to develop infrastructure across the country and provide world class services to its citizens. The total capital expenditure in infrastructure sectors in India during Fiscal 2020 to 2025 is projected at Rs 111 lakh crore.

The NIP plan aims to double infrastructure investment per year from the current average of Rs 10 lakh crore per year to Rs 22 lakh crore per year. Of the total NIP investment of Rs 111 lakh crore, Rs 44 lakh crore (40%) worth of projects are under implementation, Rs 34 lakh crore (30%) worth of projects are at the conceptualisation stage, and Rs 22 lakh crore (20%) worth of projects are under development. Almost 83% of project allocation indirectly benefits the CV sector in India, and this push for infrastructure is a major driver of growth.

Focus on infrastructure and higher mining production to bolster tipper demand

The budgeted capex allocation for infrastructure ministries for Fiscal 2024 has shown a 28% increase over Fiscal 2023 RE (revised estimates) to Rs. 18.6 lakh crore. Execution by the National Highways Authority of India will reach up to approximately 14-15 km/day in Fiscal 2027, as against approximately 11 km/day in Fiscal 2021, aided by the Bharatmala project. Projects such as Sagarmala and investments in various irrigation projects will further drive MHCV demand. We expect coal production to expand at approximately 4.5-5.5% CAGR between Fiscals 2024 and 2029, while iron ore mining will also likely grow at approximately 3.5-4.5% CAGR during this period, aiding tipper demand.

Replacement demand

LCVs are typically replaced every 6-8 years, and vehicles purchased between Fiscals 2011 and 2013 were due for replacement in Fiscal 2019. 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 2024 and is expected to sustain growth in Fiscal 2025.

Also, the centre’s scrappage policy is likely to attract 6,00,000-6,50,000 MHCV vehicles for scrapping there by driving the replacement demand.

Scrappage policy

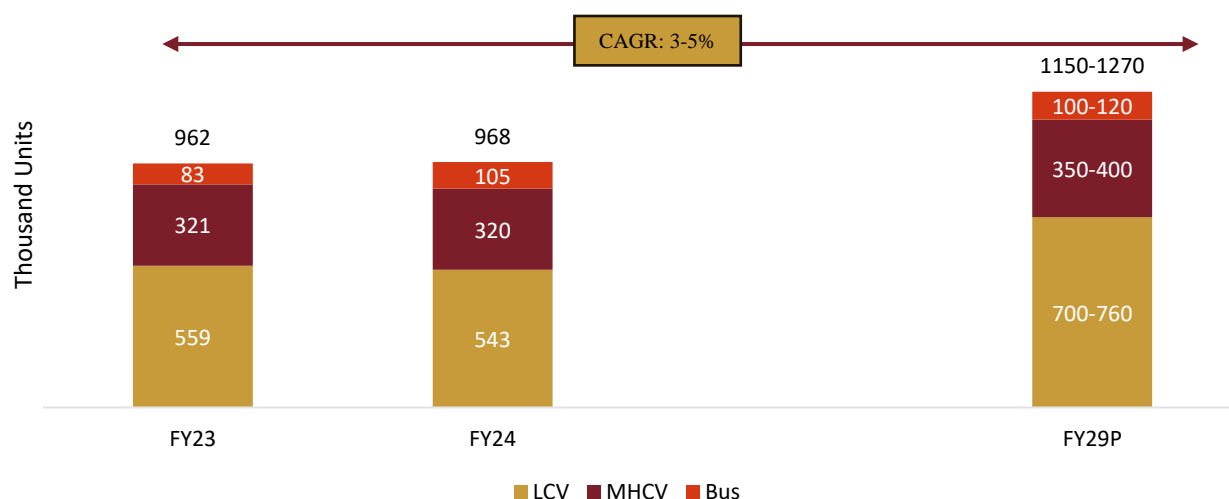
Ministry of Road Transport and Highways, in August 2018, considered incentivizing the scrapping of vehicles sold before April 2005 (15 years old). After deliberations on the modalities on implementation of the norm, the government currently aims to promote vehicle scrapping by exempting registration charges for truck purchases made after scrapping older trucks. To incentivize scrappage of older vehicles, the government has increased the registration charges for older vehicles and increased stringency of fitness tests. These will entail higher costs for owners of older vehicles. Hence, by disincentivizing the ownership of older vehicles, the government expects the scrappage of older vehicles to increase. We expect the impact of the norms to be limited on additional scrappage (apart from vehicles scrapped in the normal course of business). If, through higher incentives from the government and OEMs, transporters are able to be incentivized to scrap vehicles older than 15 years, we expect 6,00,000-6,50,000 MHCVs to be available for scrapping. Although translation of the same into demand for new CVs will be a monitorable based on implementation and incentivization levels.

Outlook of the Indian Commercial Vehicle industry

The CV industry recovered spectacularly in Fiscal 2023, with a 34% growth rate and 0.6% in Fiscal 2024, reaching 96% of pre-pandemic levels of Fiscal 2019. Increased government spending, robust replacement demand, and strong end-user sectors such as construction and mining are expected to support growth.

Over the long-term horizon, domestic CV sales are projected to record a 3-5% CAGR between Fiscals 2024 and 2029, led by a 5-7% CAGR in the LCV segment, 2-4% CAGR in the MHCV segment and 1-3% CAGR in the bus segment.

Commercial vehicle domestic sales outlook



P: Projected; E: Estimated,
Source: SIAM, CRISIL MI&A

Review of the Indian Tractors industry

Review of domestic tractor industry

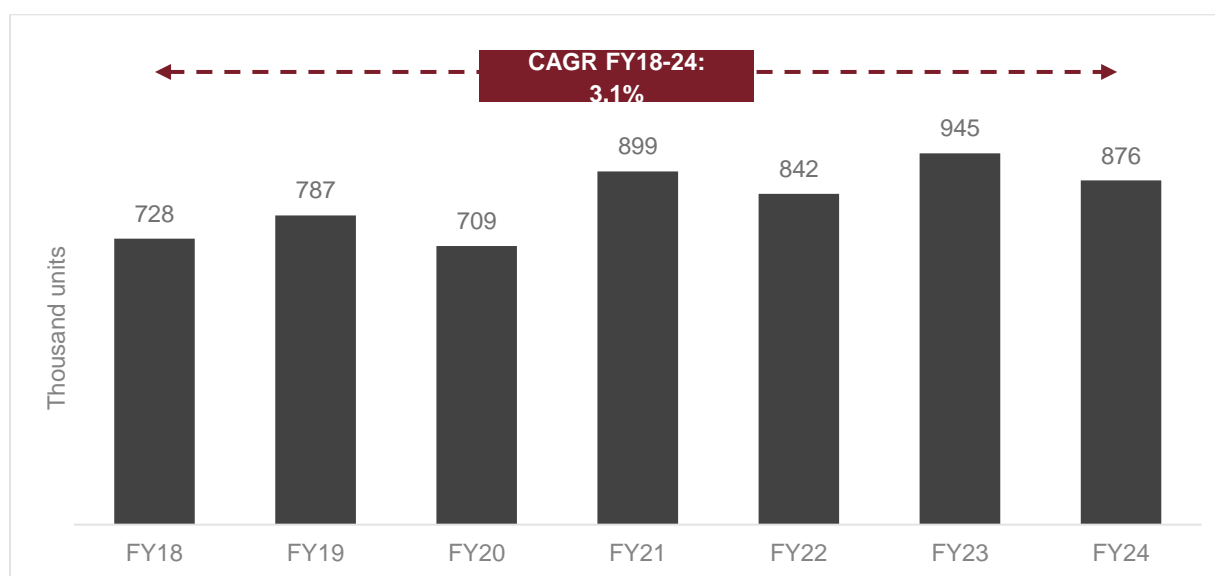
Domestic tractor demand dropped 6.4% on-year in Fiscal 2022 after growing 26.9% in Fiscal 2021. Rising tractor prices amid price hikes taken by OEMs, higher inventory at dealerships, lower commercial demand, negative farmer sentiment due to rising cultivation cost, low fertilizer availability, and increase in other expenditure (such as marriages and other social occasions) hampered 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.

In Fiscal 2024, 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 5.8% 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. 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 6-9 years. Most of the tractors in the country is replaced within 7-8 years. Of the domestic demand, 50-60% constitute replacement demand. In states with high penetration of tractors, such as Punjab and Haryana, the replacement demand accounts for 70-80% 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 3.1% CAGR between Fiscals 2018 and 2024



Source: TMA, CRISIL MI&A CONSULTING

Key growth drivers

Farm mechanisation improving across India

Although farm mechanisation has been increasing in India, its progress across states varies widely. The northern states of Punjab, Haryana and Uttar Pradesh have already achieved high levels of mechanisation, with sales driven primarily by replacement demand. Also, mechanisation has increased in western and southern states, viz. Gujarat, certain areas of Tamil Nadu, and Andhra Pradesh, with increase in area under irrigation and growing awareness among farmers about the benefits of mechanisation. The pace of mechanisation, though, is slower in eastern states, thus providing potential for sales growth.

Increasing non-farm usage of tractors

Farmers primarily purchase tractors for agricultural operations, but also use these for commercial purposes. Taking into consideration the short period that tractors are deployed on farms, farmers look for alternate uses such as renting it out to other farmers or to rural contractors involved in construction activities.

Tractors are also used in mining, construction and haulage activities. Currently, non-farm usage accounts for 18-23% of demand for tractors.

As tractors are used only for short periods on farming activities, it is not economically viable for farmers to deploy them solely for farming purposes. Hence, going forward, tractors rural construction and transportation will also gain prominence in tractor usage, apart from agriculture.

Commercial demand for tractor account for 16-23% of overall tractor demand. Apart from their primary application in agriculture operations, tractors are also used to haul bricks, sand, and farm produce. In poor crop years and in months when there is no agricultural activity, renting out tractors for commercial purposes provides farmers an alternate source of income, thereby proving to be a good hedge. Some tractors are designed specifically for haulage operations and are used exclusively in commercial activities. Based on our industry interactions, tractors are also used as an alternative to pickups for haulage purposes.

Rental model and low-cost tractors key to penetrating fragmented land holdings in India

Despite the huge potential total arable land offers, the fragmented land-holding pattern in India remains a hurdle. With over 80% of land holdings being small and marginal (less than 2 ha), most farmers are unable to afford tractors. They depend on renting tractors or buying small tractors to improve productivity, a trend which is rapidly gaining hold.

Custom Hiring Centres (“**CHC**”) are a major component of the government's 'Sub-Mission on Agricultural Mechanisation' policy. These centres maintain farm equipment and machinery which can be rented out, especially to small and marginal farmers who cannot afford them. The state governments of Karnataka, Andhra Pradesh, Madhya Pradesh, Telangana, Odisha and Punjab have been promoting CHCs on Public-Private Partnership (“**PPP**”) basis through training, demonstration and financial incentives.

India’s agriculture ministry has developed a farm equipment rental app for Indian farmers, which lets them hire tractors, rotavator and other farm related machinery on rent with flexible tenures.

Highest number of CHCs are found in Punjab, UP, Tamil Nadu and Andhra Pradesh followed by Haryana and Odisha. Under Sub-Mission on Agricultural Mechanisation (Sub-Mission on Agricultural Mechanization), approximately 13 lakhs of agricultural machinery have been distributed while approximately 15,180 CHC have been established.

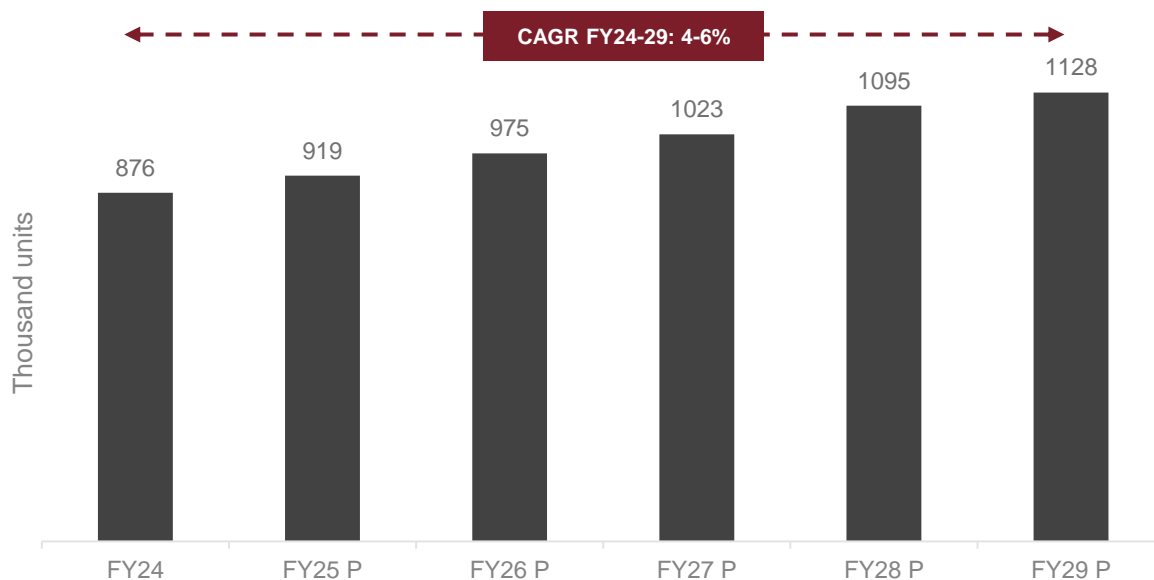
Outlook of Indian tractor industry

CRISIL MI&A Consulting projects domestic tractor sales to increase at a steady pace over Fiscals 2024 to 2029, factoring 1-2 years of erratic monsoon, with healthy sales forecast for the remaining years. To be sure, the tractor segment is cyclical. Also, historically, whenever there is a downturn in the industry, it takes 4-5 quarters for sales to recover. Thus, assuming that the industry will be impacted by weak monsoon for 1-2 years between Fiscals 2024 and 2029, with the industry taking 4-5 quarters to recover, our long-term growth projection of the tractor industry is 4-6% CAGR.

During Fiscals 2019 to 2024, the industry had registered a 2% CAGR, owing to healthy sales in Fiscals 2021 and 2023.

Growth up to Fiscal 2029 will be on the back of low tractor penetration in the country (three tractors per 100-hectare area), government's focus on improving farm incomes through various schemes, promotion of farm mechanisation, and investments to improve rural infrastructure.

Tractor industry sales expected to increase 4-6% between Fiscals 2024 and 2029



Note: 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 7-8 years. Of the overall domestic demand, 50-60% of the sales are replacement demand. For states having high penetration of tractors such as Punjab and Haryana, the replacement demand accounts for about 70-80% 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 8-10% on-year in Fiscal 2025 with healthy sales registered in Fiscals 2017 and 2018

Review and Outlook of Electric vehicles in India (2018-2023 and 2023-2028)

Review of the domestic sales/registrations for electric vehicles in India

Review of the Indian Electric Passenger Vehicles

Between Fiscals 2019 and 2024, India's domestic PV sales volume 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 high of 3.9 million vehicles in Fiscal 2023 and 4.2 million vehicles in Fiscal 2024.

Amid rising environmental concerns, EVs are gaining traction globally, including in India. The country is one of the signatories to the Paris Agreement under the United Nations Framework Convention on Climate Change. It is also part of the EV30@30 campaign, targeting a 30% sales share for EVs by 2030.

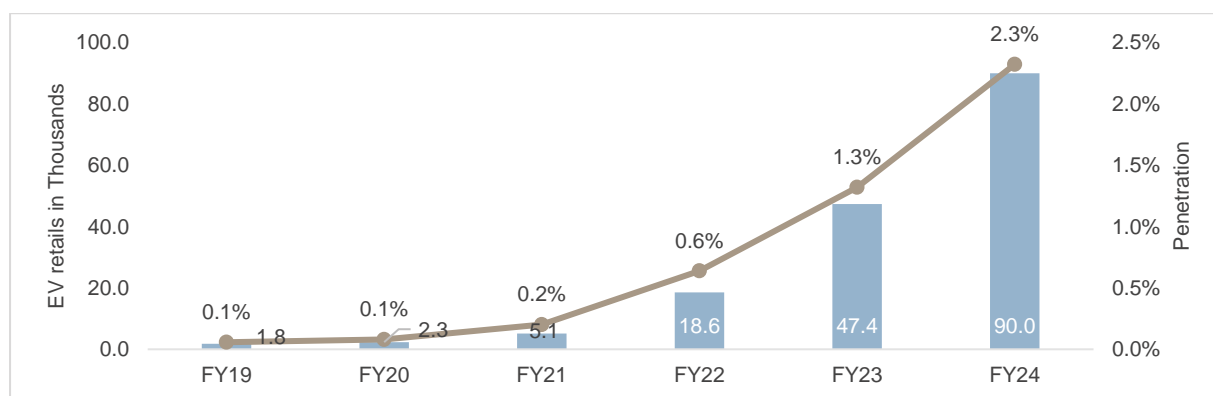
To accelerate EV adoption, the government has been incentivising consumers by extending support via FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India) subsidy as well as tax cuts. The government announced INR 100 billion for Phase II of FAME, which commenced on April 1, 2019. The policy aims to provide a subsidy of INR 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 PLI Scheme, scrappage policy, Battery Waste Management Rules 2022 as well as the Make in India initiative is setting up the roadmap for widespread EV manufacturing and adoption.

Government support, coupled with rising awareness about EVs, environmental concerns, expansion in EV infrastructure as well as increasing EV model portfolio is driving electrification in India. The EV segment received a real thrust in the last two years backed by model launches at competitive rates, price hikes in ICE vehicles and elevated petrol and diesel costs. While EVs bring several cost benefits and have evolved into a desirable powertrain choice today, the public perception towards electric vehicles and awareness against pollution from ICE vehicles also played a major role behind the rise in EV adoption across the country.

Domestic passenger vehicles EV retails and penetration trend



Note: VAHAN figures exclude Telangana, Lakshadweep retails
Source: VAHAN, CRISIL MI&A

During Fiscal 2021 to Fiscal 2024 period, EV retails increased at approximately 160% CAGR (17 times). 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.

Increase in the number of models by OEMs along with reduction in range anxiety and reducing cost has been a major driver for electric vehicle growth. The number of models available has increased from just 3 in Fiscal 2020 to 12 in Fiscal 2024 with more than 6 OEMs introducing their models. This has provided consumers with a wide range of choice across body types and more importantly across price ranges.

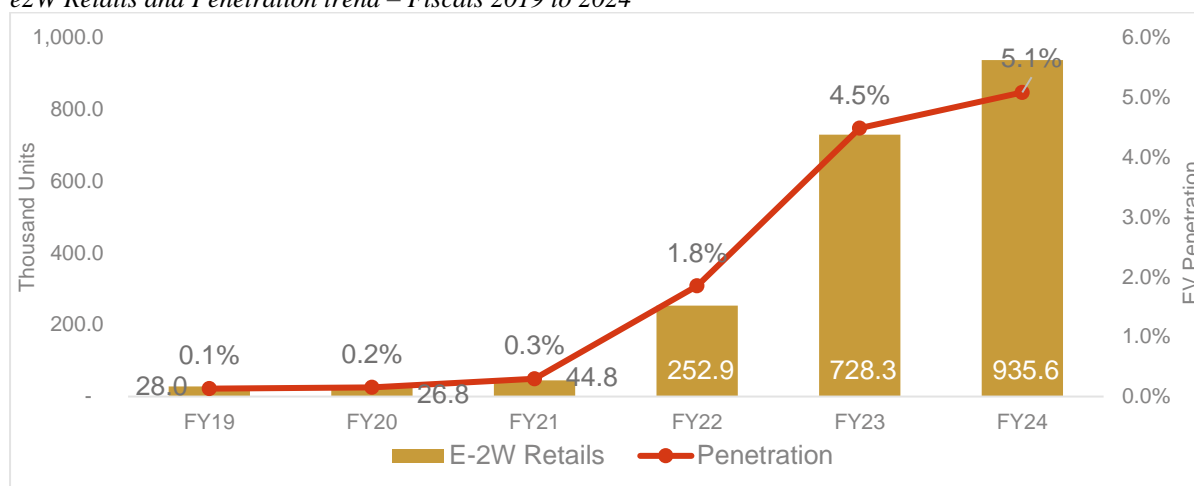
Much of the penetration in passenger vehicle segment was driven by taxi segment. The share of overall taxi segment in passenger vehicle sales stood at approximately 8-10% as of Fiscal 2024. Higher utilisation of assets coupled with FAME incentive in taxi segment has led to higher penetration in commercial segment compared to the personal segment.

Review of the Indian Electric Two Wheeler Industry

India is a signatory to the Paris Agreement under the United Nations Framework Convention on Climate Change. The country is also part of the EV30@30 campaign, targeting 30% sales share for EVs by 2030. The country is the largest two-wheeler market by volumes globally. Two-wheelers also comprise 75% of India's total automobiles sales volume today. Thus, a sizeable contribution to the electric revolution is expected to come from the two-wheeler segment.

In India, the EV two-wheelers ("e2W") are gaining popularity enabled by the government's support via Faster Adoption and Manufacturing of Hybrid and Electric vehicles (FAME II), the latest EMPS subsidy, state subsidies and tax rate cuts coupled with growing awareness and concern for environmental issues. Additionally, the e2W portfolio is expanding with technology-rich vehicles that are being launched at competitive rates, which is driving consumer interest and thrusting the growth of e2Ws in India. In fact, the significant strides in product evolution are one of the primary reasons for the sharp growth witnessed in the e2W segment in India.

e2W Retails and Penetration trend – Fiscals 2019 to 2024



*Note: Only high-speed electric two-wheelers have been considered for the analysis
Source: SIAM, SMEV, VAHAN, CRISIL MI&A*

Over the last 6 years, e2W (high speed) retails increased at a rapid pace, increasing from 28k retails in Fiscal 2019 to 936k retails in Fiscal 2024. The healthy growth in electrification was propelled by rising awareness, continued government support, lower total cost of ownership of EVs compared to their ICE counterparts, narrowing gap between acquisition cost of EV and ICE parallels, lower maintenance, new age advanced features and expanding EV portfolio of the industry. The entry of the new age non-traditional OEMs like OLA, Ather, Okinawa has enabled the growth of the e2W segment in India.

Review of Indian Electric Three Wheeler Industry (L5 Category)

India is the largest three-wheeler (“3W”) market in the world, with domestic sales of 0.75 million units in Fiscal 2024. The industry contributed to approximately 2% of the total market – comprising two-wheelers (“2Ws”), 3Ws, PVs and CVs by volume.

3W segment is categorized into two sub segments, i.e., PV and Cargo/ Goods vehicle. The passenger vehicle segment contributed the majority share to overall domestic sales of 3Ws, accounting for 81% in Fiscal 2024. A significant decline was witnessed in Fiscal 2021 in PVs due to the COVID-19 pandemic and the BS-VI transition. The pandemic shored up preference for personal mobility and leading to a sharp decline in shared mobility. However, there has been a slight recovery from Fiscal 2022 as demand for shared mobility gradually increased.

Electrification in e-3Ws

With the emphasis on reducing the carbon footprint, EVs are gaining importance globally. India is also a signatory to the Paris Agreement under the United Nations Framework Convention on Climate Change. The country is also part of the EV30@30 campaign, targeting a 30% sales share for EVs by 2030.

The government is extending its support via Faster Adoption and Manufacturing of Hybrid and Electric vehicles (FAME) and tax-rate cuts to boost EV adoption. Furthermore, growing awareness, concern for environmental issues, and keener focus from automotive companies are driving electrification in India. The EV segment received a real thrust in the past two years with model launches, increasing awareness, elevated fuel prices, and improvement in infrastructure support.

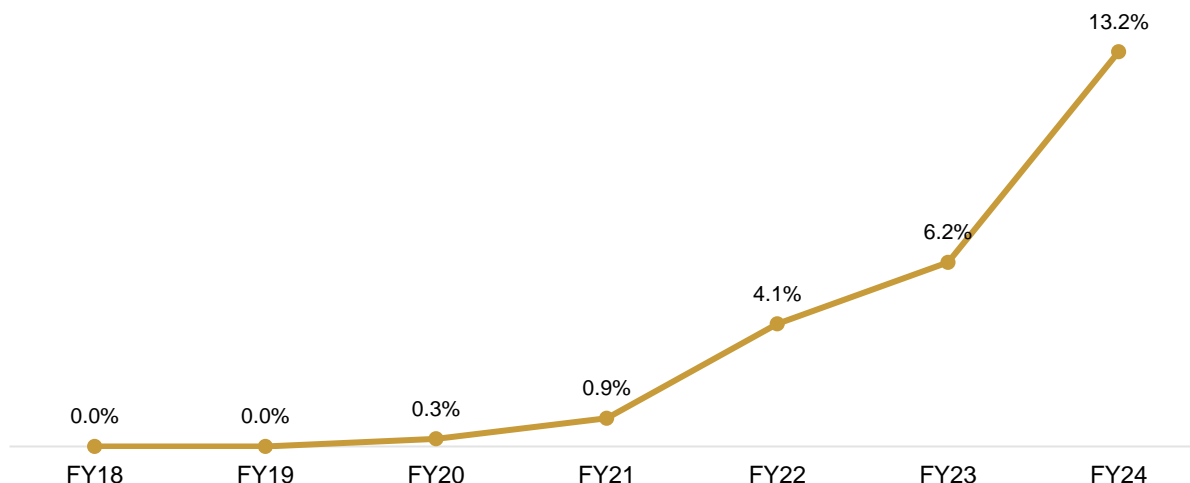
The government announced Rs 100 billion for Phase II of FAME, which commenced on April 1, 2019. This phase mainly focuses on supporting electrification of public and shared transportation and aims to support through demand incentives 0.5 million electric 3Ws. The policy aims to provide a subsidy of Rs 10,000 per kWh to three wheelers. It envisions the creation of infrastructure for EV charging. The subsidy for two-wheelers is Rs 15,000 per kWh, although it was cut from June 2023, by lowering the cap on maximum subsidy from 40% of a vehicle’s ex showroom cost to 15%. EV adoption has been relatively fast in the two- and three-wheeler segments. A sharp rise in fuel costs in the past two years provided an added incentive to the price-sensitive customers of two- and three-wheelers. Moreover, a bevy of vehicle launches from the industry backed the growth in adoption, especially in Fiscal 2023.

Sales of e-3Ws in India

In the e-3W segment, mobility, especially in the case of e-rickshaws, is widely used for last-mile connectivity. E-autos and e-rickshaws differ primarily in the design specification of electric powertrain, performance (in terms of torque and maximum speed) and passenger capacity. E-rickshaws are a low-cost variant of e-3Ws, without an exact ICE counterpart.

The overall e-3W market has grown at a significant 33% CAGR between Fiscal 2018 and Fiscal 2023. The e-3Ws with high assured utilisation rates are more profitable for businesses, as they become economical to operate at higher utilisation. E-commerce giants are preferring e-rickshaws for clean and economical last-mile connectivity

EV penetration in 3Ws (L5 category)



E-auto (i.e., the L5 category) rickshaws use lithium-ion batteries and have an average speed of more than 25 kmph. They are used for moving cargo as well as passengers. The leading players in this segment present in this space Mahindra Electric and Piaggio. Under FAME-I, e-3Ws driven by lead-acid batteries were also eligible for the subsidy. However, under FAME-II, only advanced batteries and registered vehicles are eligible. Higher initial cost of e-autos, lack of availability of a wide range of products in the market, and low availability of charging infrastructure have posed challenges to their penetration.

Despite these challenges, the shift towards e-autos occurred due to low cost, economical, and environmental cleanliness.

Review of the Indian Electric Bus Industry

Policy support in E-Buses

The Government of India has undertaken several steps to ensure proliferation of electric vehicles, such as Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME I and FAME II), Phased Manufacturing Program (“PMP”) and PLI to name a few. The same has been supported by lucrative state EV policies, which a few progressive states have released.

Due to the Government support through FAME and focus on quicker adoption of EVs in public transport, there has been a significant increase in electric bus sales in the last couple of years. Further, through the introduction of PM eBus Sewa scheme government aims to augment the city bus operations using 10,000 e-buses through PPP model across India. The Scheme will support bus operations for 10 years and would have an estimated cost of Rs.57,613 crore, out of which support of Rs.20,000 crore will be provided by the Central government. The operational profile of buses with fixed routes and regular stops makes them suitable for charging at pre-determined intervals and specific locations.

Electrification in passenger vehicles (buses)

EV bus registrations skyrocketed in the last 3 years backed by adoption by State Transport Undertaking (“STU”)

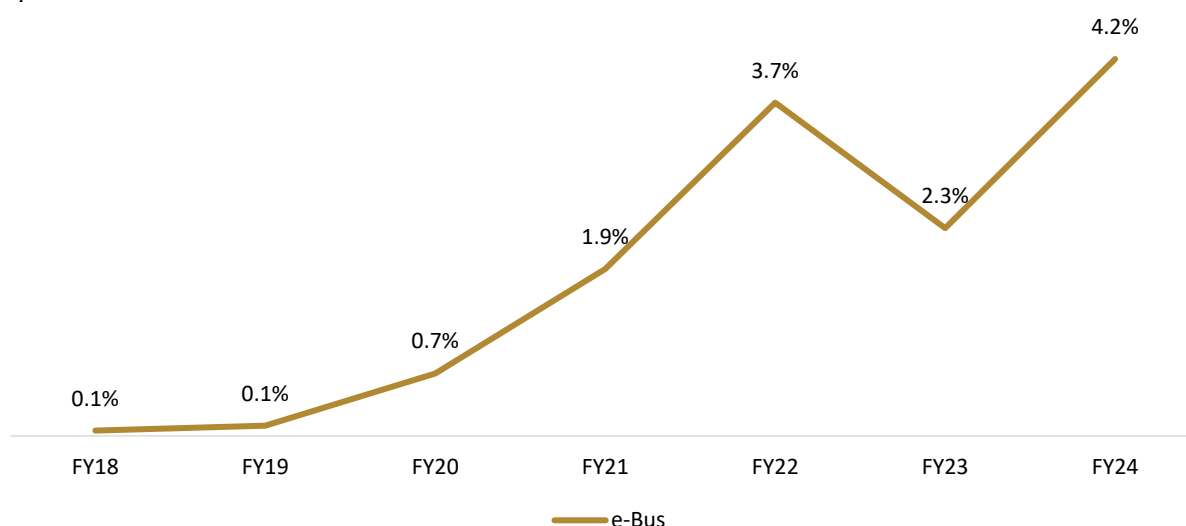
as well as government incentives. During Fiscal 2019-2023 period, EV bus registration increased at a breakneck pace of 133% CAGR with more than 600% on year growth clocked in Fiscal 2020. EV penetration was insignificant till Fiscal 2019, it gained some pace during Fiscal 2020 and received a real boost during Fiscal 2022 to reach more than 1,100 units and reached 3.7% of overall registrations. Growth momentum continued in Fiscal 2023 with year-on-year growth of 61% reaching more than 1,900 units.

Due to the government support through FAME and focus on quicker adoption of EVs in public transport, there has been a significant increase in electric bus sales in the last couple of years. Operational profiles of buses with fixed routes and regular stops make them suitable for charging at pre-determined intervals and specific locations. However, sales of electric buses are unlikely to meet the target in Fiscal 2021 due to the pandemic and hence we expect the subsidy amount to get carried over to the coming years.

The price of an electric bus is considerably higher than the cost of a bus running on diesel. Thus, subsidy would be a key driving factor that would drive EV adoption in STU buses. We expect a large part of the STU intra city buses to be electric by Fiscal 2028. However other segments are unlikely to see a meaningful penetration of electric buses owing to their high cost of acquisition and limited range limiting their ability for intercity travel.

CRISIL expects FAME subsidies to be extended for buses as the policy period ends in Fiscal 2024. With other incentives from the central and state governments, the sales of electric bus penetration is expected to reach 18%-22% by Fiscal 2029.

EV penetration in CVs



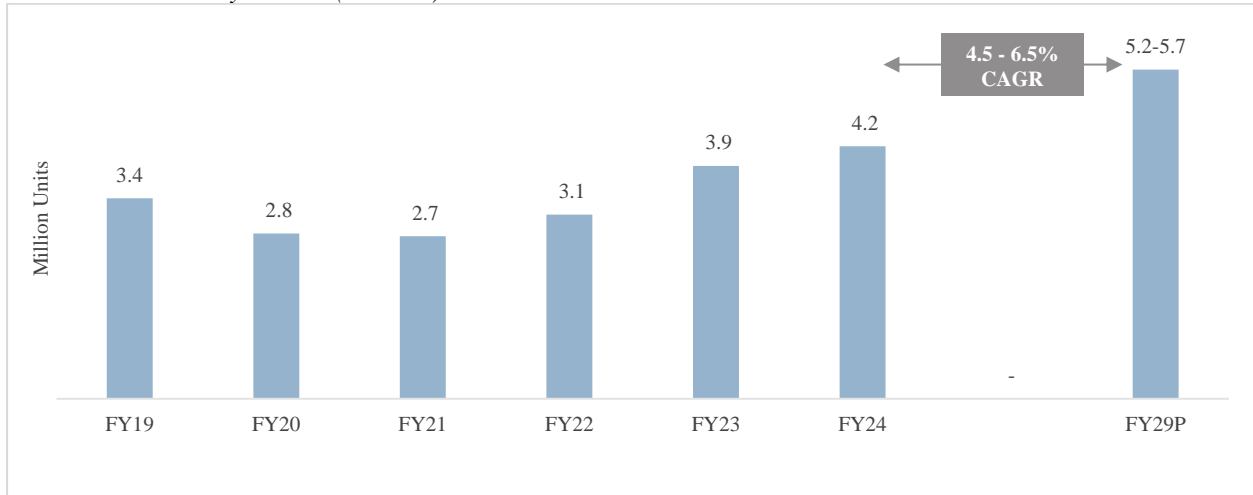
Outlook for the Indian Electric vehicle Industry (Fiscal 2024 to Fiscal 2029)

Outlook for Electric Passenger Vehicle Industry

Going ahead, CRISIL MI&A expects the macroeconomic scenario to lend support to the industry growth with GDP projected to grow at a healthy pace between Fiscal 2024 to Fiscal 2029. India’s GDP growth is expected to outperform other major geographies in the next 5 years with an expected growth rate of 6-8%. India’s inflation levels are also expected to remain subdued in the 3-5% range, which is within the RBI’s target band. CRISIL MI&A has assumed 3 years of normal monsoons within the 5-year outlook period and has considered positive momentum in rural demand. Fuel prices are also expected to remain near steady in the next 5 years. These favourable macro-economic factors are expected to aid the consumer disposable income levels.

Besides the macro-economic factors, continued support from government in terms of policies as well as continued expenditure and investments are expected to provide an added support. The favourable demographics is an added advantage for India which is also expected to help propel the passenger vehicle industry forward.

Domestic PV Industry outlook (volumes)

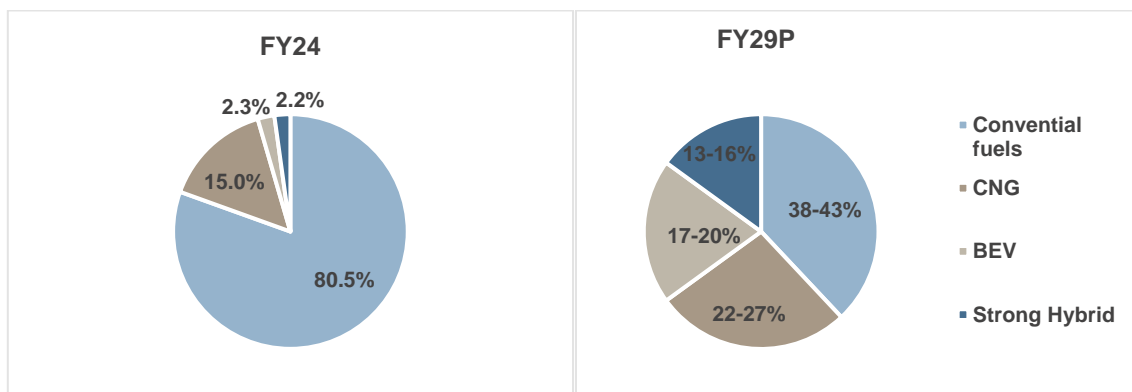


Note: Includes the entire PV industry
Source: SIAM, CRISIL MI&A

Indian domestic passenger vehicle industry, which was completely dominated by the conventional fuels, has witnessed fast acceptance of alternate fuels especially in the last 2 or 3 years. In fact, the share of CNG powertrain doubled to 15% while EV (2.3% share) and the latest addition, strong hybrids (2.2% share) expanded their presence in the vehicle retails.

Going forward, CRISIL MI&A expects the share of alternate fuel vehicles to witness a multi-fold growth while the conventional fuel vehicle's share will slide.

Powertrain wise outlook of the industry



Note: Strong hybrid: Vehicles having a combustion engine as well as an electric motor. The vehicle can be powered by the engine, by the battery, or by both simultaneously. Battery of the vehicle is charged by the combustion engine and not by an external power source. Telangana & Lakshadweep retail data is not available on VAHAN.
Source: VAHAN, CRISIL MI&A

Electrification is a trend witnessed in the Indian domestic passenger vehicle market in the last 2 or 3 years. Plethora of vehicle launches, expanding charging infrastructure and continued government support will aid further growth of electrification in India going ahead. CRISIL MI&A expects the EV penetration to reach 17-20% (approximately 1 million units) by Fiscal 2029 from the 2.3% penetration (approximately 90 thousand units) seen in Fiscal 2024.

However, for EVs, range anxiety, limited charging infrastructure, import dependency on certain components, higher import duties and underdeveloped local supply chain are few bottlenecks.

The recent entry of strong hybrid vehicles such as Maruti Suzuki Grand Vitara, Maruti Suzuki Invicto, Toyota HyRyder, Toyota Hycross and Honda City have witnessed fast acceptance due improved mileage, environmental benefits coupled with absence of EV concerns like range anxiety, limited charging infrastructure, etc. In the last 2 years, strong hybrid powertrains have grabbed approximately 2% share of the annual retails of the PV industry.

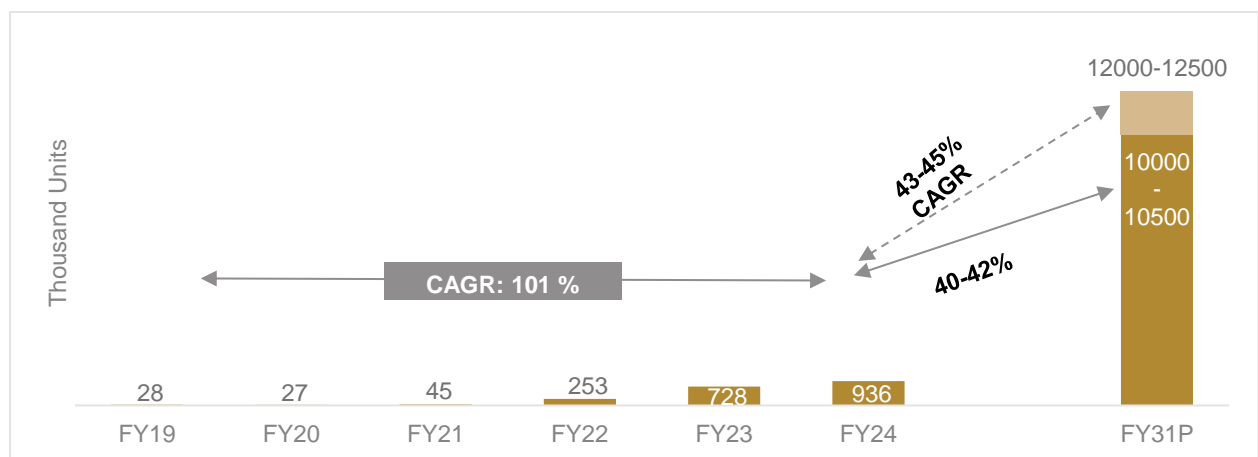
In the long-term horizon, CRISIL MI&A projects higher traction for strong hybrids, further buoyed by attractive hybrid offerings, OEM focus, infrastructure availability and government support. By Fiscal 2029, strong hybrids are projected to contribute about 13-16% to the industry retails.

Outlook for Electric Two Wheeler Industry

The electric two-wheeler retails rose at a sharp growth pace of 101% CAGR in the last 6 years, albeit off the small base of Fiscal 2019. Going ahead the growth momentum in the industry is expected to continue over the long-term horizon led by rising awareness, improving TCO for electric vehicles, bridging acquisition cost gap between EV and ICE counterparts, larger vehicle portfolio, expanding charging infrastructure, furthering financing support, increasing EV manufacturing capacity, and continued government support.

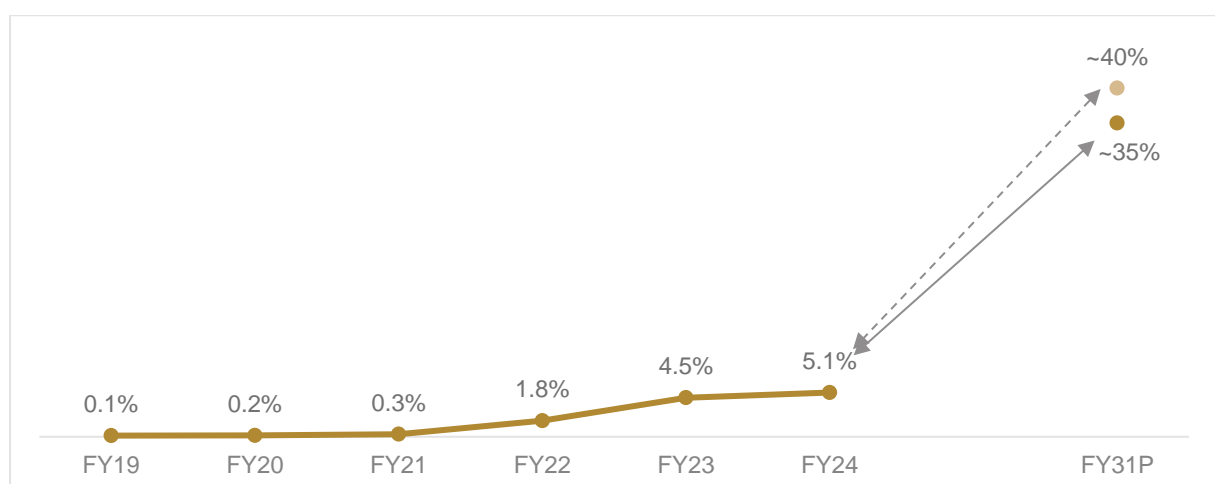
If the government continues with the demand incentive (FAME, EMPS or an equivalent alternate form) at least for the next 1 year (till Fiscal 2026), CRISIL MI&A expects the EV retails to rise at a healthy pace of 40-42% CAGR and reach volumes of 10.0-10.5 million in Fiscal 2031. And the EV penetration to reach approximately 35% by Fiscal 2031.

e2W Retails and CAGR Outlook



Note: Only high-speed electric two-wheelers have been considered for the analysis, Dotted arrow showcasing the optimistic scenario
Source: SIAM, SMEV, VAHAN, CRISIL MI&A

Outlook for EV penetration in 2W segment



Note: Only high-speed electric two-wheelers have been considered for the analysis, Dotted arrow showcasing the optimistic scenario
Source: SIAM, SMEV, VAHAN, CRISIL MI&A

Scooters are expected to lead the charge going ahead as well. EV penetration within scooters is currently the highest at 14.7% as of Fiscal 2024. Due to the fast-expanding e scooter portfolio, OEM focus, highly tech-enabled e-scooter offerings, lowering TCO and reduction in acquisition cost difference vs ICE counterparts, the customer preference is expected to shift from ICE scooters to e scooters leading to a sharp rise in e-scooter penetration

going forward. CRISIL MI&A expects the EV penetration to reach approximately 70% for scooters by Fiscal 2031.

Mopeds is another segment which is projected to see sharp electrification going ahead. The price sensitive nature of the moped customer base, lower operating costs of EV, lowering the acquisition price gap between EVs and ICE equivalents will propel the EV sales within the moped segment. The launch of mopeds by Kinetic Green and expected offering from TVS will aid the E-moped demand over the long-term horizon. CRISIL MI&A projects EV penetration to reach approximately 85% for the mopeds segment by Fiscal 2031.

Electrification within motorcycles segment has remained limited amidst limited offerings as well as longer distance usage of motorcycles compared to scooters. However, amidst the projected launch of e bikes/ motorcycles from OEMs including Revolt, OLA, Tork will back electrification within motorcycles as well. Hence, EV penetration is expected to reach approximately 10% within motorcycles by Fiscal 2031.

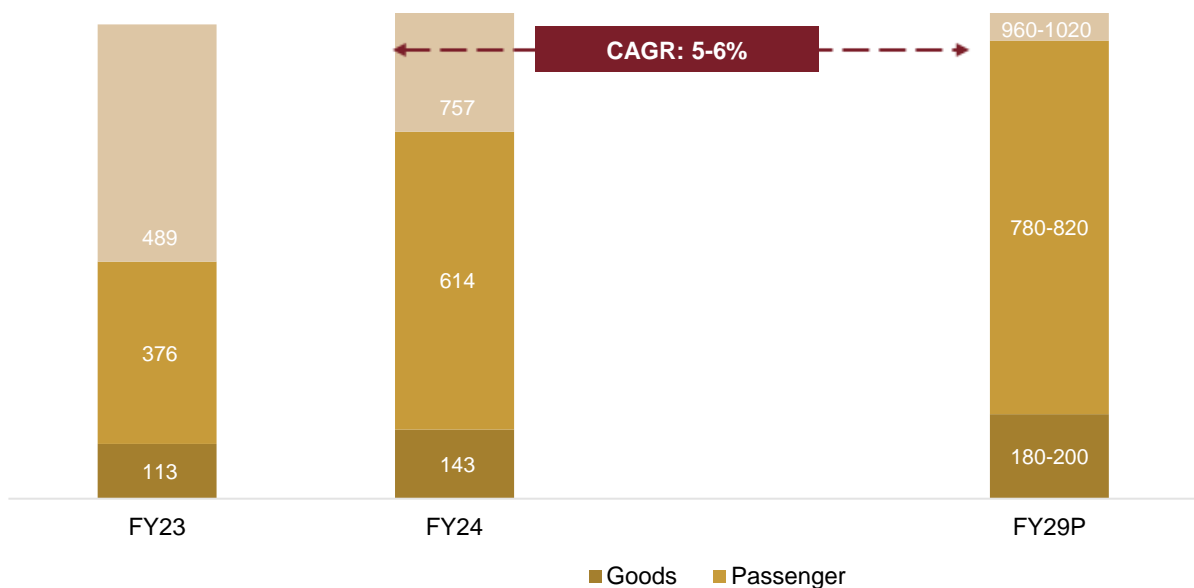
In the above projections, CRISIL MI&A has considered the government demand incentive to continue till Fiscal 2026 which will provide an additional support to the EV adoption going forward.

Outlook for Electric Three Wheeler Industry

Domestic sales

The domestic three-wheeler market grew phenomenally last fiscal, recording the highest growth of 88% on-year. Electric vehicle penetration has reached to 13.2% in Fiscal 2024. The availability of finance, alternative fuels and state subsidies contributed majorly to the growth.

Domestic sales outlook for Fiscal 2024-29 (in volume terms)



*Note: Includes the entire 3W market. Electric 3Ws do not include e-rickshaws
Source: SIAM, Vahan, CRISIL MI&A*

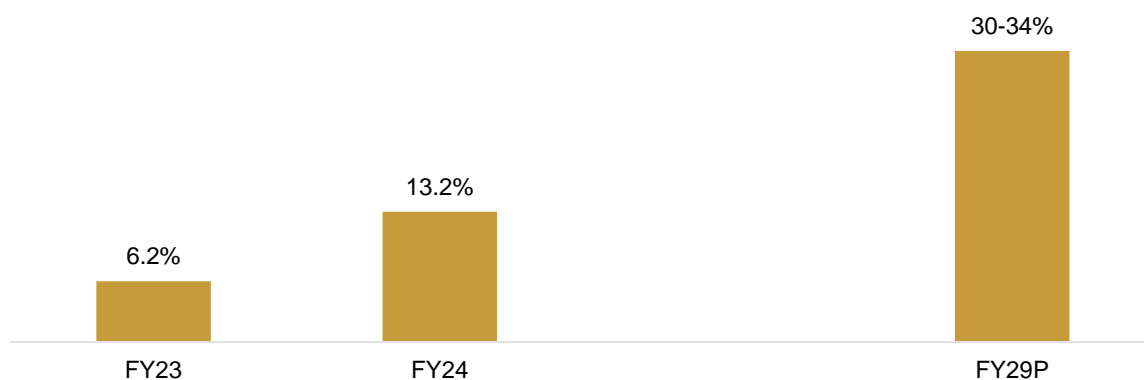
Between Fiscals 2024 and 2029, domestic 3Ws are projected to record a 5-6% CAGR, led by an 4-6% CAGR in the passenger segment and 5-7% in the goods segment.

Outlook for Electric Three Wheeler

CRISIL MI&A Consulting expects EV penetration in the three-wheeler segment expected to reach and go above 30-34% by 2029. 3Ws will spearhead the EV penetration in India because they are mostly used for short-distance trips and carry more load than e-rikshaws and e-bikes.

Moreover, all the conventional large OEMs, including Bajaj Auto, Piaggio, Mahindra and TVS Motor, have launched e-autos in the Indian market, which has improved their supply. This is expected to boost EV adoption in the long term.

EV penetration outlook for Fiscal 2024-Fiscal 2029



*Note: Electric three-wheelers include e-auto
Source: CRISIL MI&A Consulting*

The Penetration of electric vehicle in 3W was approximately 13% in Fiscal 2024. However, the shift to electric 3Ws is gaining momentum owing to high prices of diesel, petrol and CNG.

The electric three-wheeler segment will continue to innovate and lead the industry as fixed and swappable battery solutions have revolutionised the sector. Also, leading OEMs are focused on electric three-wheelers. Bajaj currently dominates the petrol segment. Its market share is expected to expand with their aggressive initiative in EVs.

Favourable regulatory environment and the central and state government subsidies are lowering capital costs of buying electric three-wheelers. Also, reduction or waiver of registration fees, road taxes and permit requirement by some of the states continue to support electric vehicle adoption. Moreover, their TCO is 30-40% lower than the conventional diesel or CNG three -wheelers making the conversion to electric autos an attractive proposition.

Outlook for Electric Bus Industry

Bus sales witnessed an increase of 26.8% in Fiscal 2024, owing to strong replacement demand and urbanisation trends.

The Government of India has undertaken several steps to ensure proliferation of electric vehicles, such as Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME I and FAME II), PMP and PLI to name a few. The same has been supported by lucrative state EV policies, which a few progressive states have released.

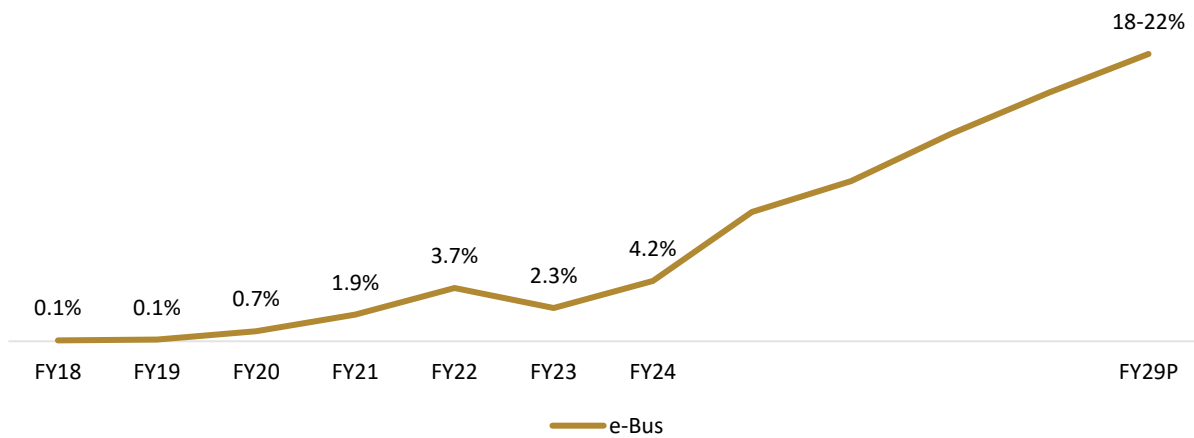
Electric vehicles share of various vehicles segments such as two-wheelers, three wheelers, passenger vehicles and buses are still in single digits despite multiple measure by the Government to support electric vehicle sales. EV penetration is low currently due to many issues such as limited presence of mainstream OEMs, model availability in certain segments like motorcycles, lack of charging infrastructure, financing availability etc.

Due to the Government support through FAME and focus on quicker adoption of EVs in public transport, there has been significant increase in electric bus sales in the last couple of years. Further, through the introduction of PM eBus Sewa scheme government aims to augment the city bus operations using 10,000 e-buses through PPP model across India. The Scheme will support bus operations for 10 years and would have an estimated cost of Rs.57,613 crore, out of which support of Rs.20,000 crore will be provided by the Central government. Operational profile of buses with fixed routes and regular stops makes them suitable for charging at pre-determined intervals and specific locations.

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are unlikely to see a meaningful penetration of electric buses owing to their high cost of acquisition and limited range limiting their ability for intercity travel.

EV penetration in Buses



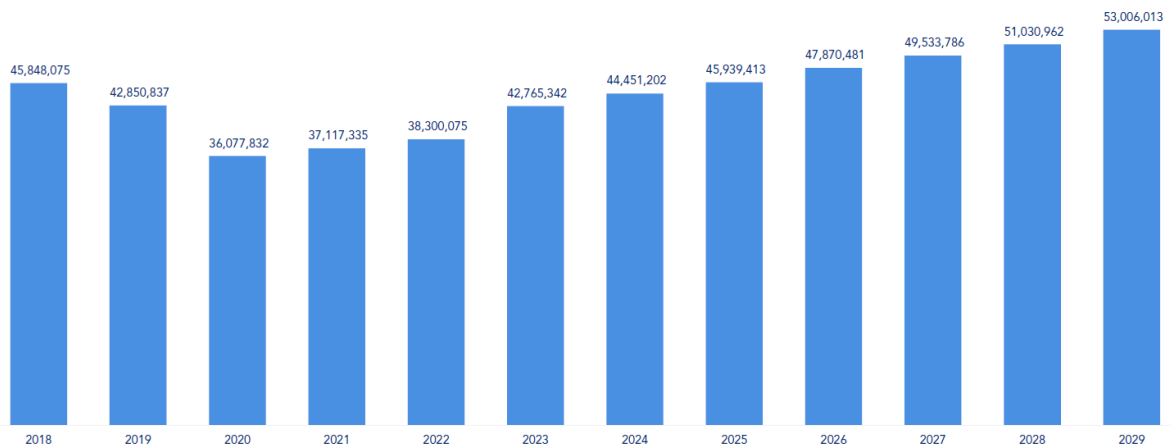
Review and Outlook of segments of the Global Passenger Vehicle Industry

Review and Outlook of the Global Passenger Vehicle (PV) Industry

The Global Passenger Vehicle Market sales were approximately 42.7 million units 2023 and is expected to reach 53 million units by 2029, witnessing a CAGR of 3.58% during the forecast period. With rising incomes, there's a notable tilt towards luxury car investments. This trend is especially evident in emerging markets, where economic growth has nurtured a burgeoning middle class. Armed with enhanced purchasing power, these consumers are leaning towards personal mobility, amplifying the demand for passenger vehicles.

Automotive Market, volume in units, Passenger Vehicle, 2018-2029

CAGR (2024 TO 2029): 3.58%



Source: Mordor Intelligence

Technological innovations in the automotive realm fuel the surging demand for passenger vehicles. Car manufacturers constantly race to align with shifting consumer demands from electric vehicles to autonomous features. Furthermore, consumers are placing a premium on comfort, safety, and convenience in their vehicle selections. In tune with these changing preferences, car manufacturers are broadening their product range, further stoking the demand for passenger vehicles.

Ongoing infrastructure enhancements, such as the construction of highways, bridges, and tunnels, facilitate longer-distance travel and amplify the demand for passenger vehicles. With urbanization gaining momentum, the demand for cars is set to see a significant upswing soon. Factors like rising disposable incomes, technological

advancements, shifting consumer preferences, and urbanization fuel the demand for passenger vehicles. As the automotive sector evolves, manufacturers must innovate in tune with regional consumer demands. With the right strategies, a notable surge in passenger vehicle demand is on the horizon.

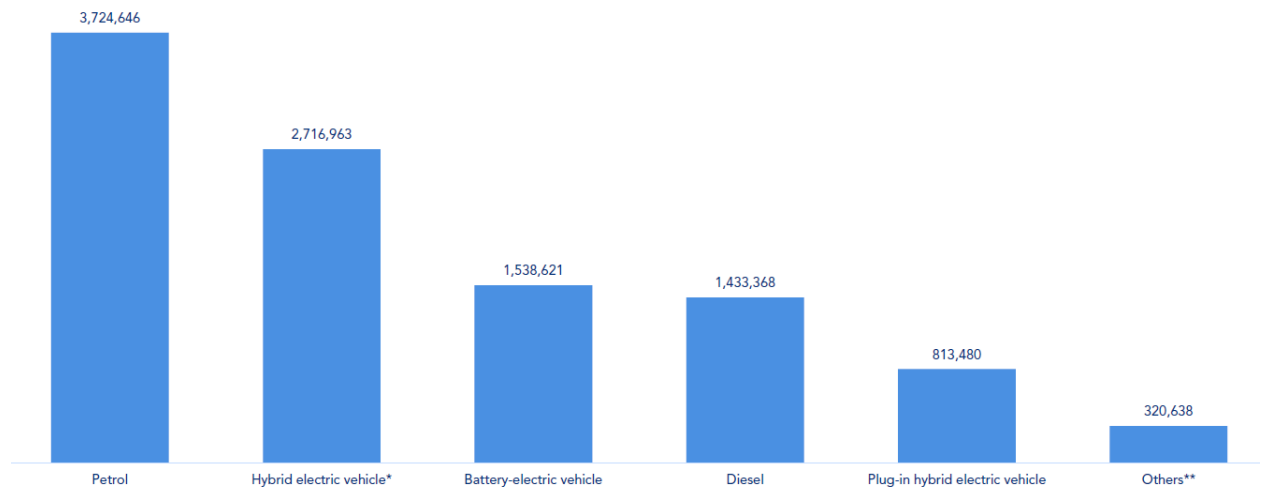
Demand Drivers: Global Scenario

Advancement in passenger vehicle engine efficiency may foster the demand for target market

Improvements in the fuel efficiency of passenger cars are a major factor in the future of transportation, especially in today's quickly changing automotive industry. Passenger cars with low fuel consumption are in high demand as consumers grow more aware of the environmental impact of their cars.

Vehicle manufacturers are heavily investing in R&D to increase the efficiency of passenger vehicle engines due to the growing emphasis on sustainability and fuel efficiency. Cutting-edge technologies are being used in vehicles, such as electric and hybrid powertrains, to improve fuel economy and minimize emissions. Significant progress in engine efficiency has been made in creating lightweight materials, which contribute to lowering the overall weight of passenger cars. Lighter cars use less fuel to run, which reduces emissions and improves fuel economy. Additionally, more streamlined cars that optimize fuel efficiency without sacrificing performance have been made possible by engine and aerodynamics design developments.

New Passenger Car registration in Europe in 2023, by leading powertrain

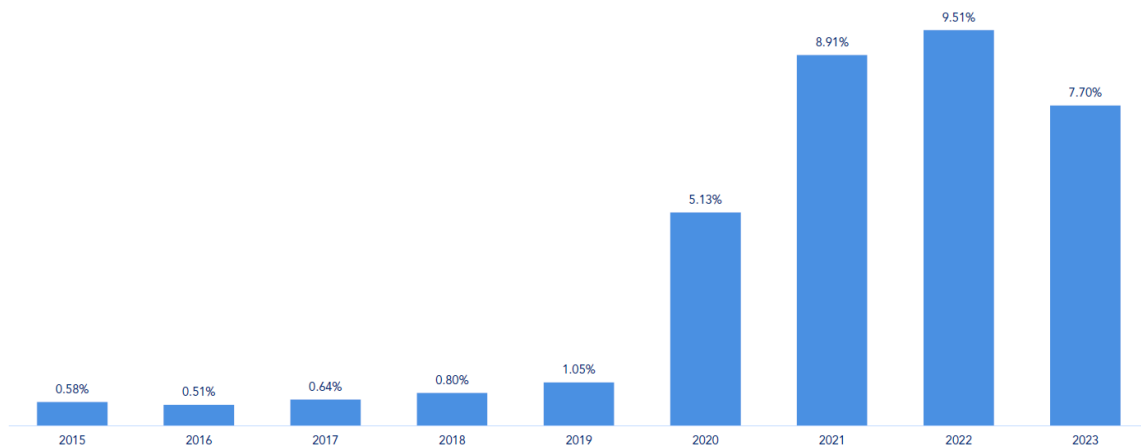


*Includes full and mild hybrids

**Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

Source: Mordor Intelligence

Total market share of newly registered passenger plug-in hybrid electric vehicles in Europe between 2015 and 2023



Source: ACEA, Mordor Intelligence

The demand for fuel-efficient cars is driven by the ongoing advancements in passenger vehicle engine efficiency, which are changing consumer preferences. With rising environmental consciousness and more stringent emission regulations, buyers gravitate toward cars with better fuel efficiency and smaller carbon footprints. Additionally, customers are encouraged to select cars with higher fuel efficiency to save money on gas due to the growing fuel cost. Because of this change in consumer behaviour, automakers are prioritizing fuel efficiency in their lineup, which is putting more of an emphasis on alternative powertrains and advanced engine technologies

Advancements in technology may foster the demand for target market

Technology innovations, from smartphones to smart homes, have completely changed how we live, work, and travel. One sector that has been heavily impacted by these technological developments is the passenger car market in the automotive industry.

The development of sophisticated safety features is one of the main ways technology influences passenger cars' popularities. Numerous safety features, including automated emergency braking, adaptive cruise control, lane-keeping assistance, and blind-spot detection, are standard on modern cars. These innovations contribute to road accident prevention in addition to improving passenger safety. The market for passenger cars is expanding due to consumers choosing more vehicles with these cutting-edge features due to the growing emphasis on safety.

The demand for Advanced Driver Assistance Systems is increasing in North America because many automakers are now offering SAE Level 2 to 3 Advanced Driver Assistance Systems features as optional upgrades for their entire lineup of vehicles. The latest innovations from Bosch, a trailblazing leader in mobility technology, were showcased at the Experience Days, which was held at the Bosch Technical Center located in Plymouth, Michigan. Bosch anticipates double-digit growth in the driver assistance systems market worldwide in 2023. Over the previous five years, the company has doubled its engineering capacity for automated driving and driver assistance.

Autonomous driving technology is one of the most fascinating technological developments influencing how passenger cars will operate. Uber, Google, Tesla, and other businesses are making significant investments in the development of self-driving cars, which have the potential to transform how we commute completely. The market for passenger cars could be greatly impacted by fully autonomous vehicles, even though they are still in the testing stage. The demand for passenger cars may rise sharply due to autonomous driving technology's potential to make driving safer, more effective, and more convenient. For instance, In August 2023, the California Public Utilities Commission (“CPUC”) granted Cruise LLC and Waymo LLC additional operating authority to offer commercial passenger services with driverless vehicles in San Francisco. Both companies can now charge fares for rides at any time of day. The Resolutions approved align with requirements set by a CPUC Decision in 2020. This Decision requires autonomous vehicle companies to submit an Advice Letter to enter the driverless passenger market or make significant changes to their services, especially those impacting passenger safety. The CPUC scrutinized the Advice Letters from Cruise and Waymo to ensure compliance with the licensing requirements, emphasizing passenger safety measures.

The development of the passenger car market is greatly aided by technological advancements. The automotive industry is always changing to satisfy consumers' shifting needs through autonomous driving technology, electric vehicles, safety features, or connectivity options. As technology develops, we may anticipate even more innovations in the passenger car market, fueling the industry's continued expansion.

Challenges for growth: Global Scenario

Recall of the automotive owing to component failure may stymie industry expansion

The number of recalls for automotive parts has increased in recent years due to component failures. The brand's reputation is not the only thing impacted by these recalls; consumer demand for two-wheelers is significantly impacted in the target market.

Consumers become more concerned about the vehicle's dependability and safety when a recall is issued for a specific automotive component. The demand for passenger vehicles may decline because of this loss of trust, which may cause consumer confidence to decline. When a product has a history of component failures, consumers are reluctant to purchase it for fear of jeopardizing their safety.

Manufacturers bear a heavy financial burden due to recalls, undermining consumer trust. The companies are responsible for the costs of locating the defective parts, fixing or replacing them, and carrying out thorough quality

control inspections to avert further problems. These expenses have the potential to accumulate and rapidly negatively affect the business's total profitability.

As a result, the demand for vehicles in the target country may suffer from recalling malfunctioning automotive parts. Influential factors that shape consumer behaviour include recall costs, market dynamics, and consumer confidence. Quality control and safety protocols must be given top priority by manufacturers in the cutthroat automotive sector if they hope to prevent recalls and preserve the reputation of their brands.

Review and Outlook of the Global Light Commercial Vehicles Industry

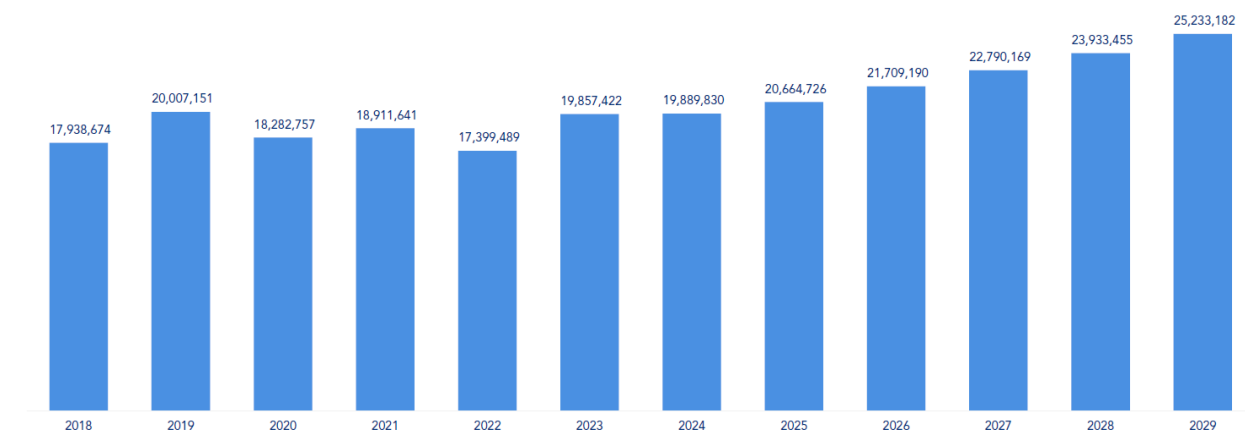
Global Light Commercial Vehicle Market was valued at USD 702.98 Billion in 2023 with approximately 19.8 million units of sales and is expected to reach USD 986.38 Billion by 2029, witnessing a CAGR of 6.64% between 2024-2029 in value terms and 4.87% CAGR in volume terms.

Factors like increasing regulations on vehicle emissions, vehicle safety advancement, driver-assist systems in vehicles, and rapidly growing logistics in the retail and e-commerce sectors have been significantly driving the demand for the new and advanced commercial vehicles in the market studied.

Market for LCV is expected to surge in demand due to the rapid growth of the logistics and e-commerce industries. Further growth with urbanization happening at a breakneck pace, new retail and e-commerce platforms have emerged, which require efficient logistics.

Automotive Market, volume in units, light commercial vehicle, 2018-2029

CAGR (2024 TO 2029): 4.87%



Source: Mordor Intelligence

Vans find usage in several applications and segments of the European economy, i.e., construction, postal and courier services, law enforcement, and light duty passenger transport applications. Demand has significantly increased due to the logistics and last-mile delivery needs of e-commerce giants like Amazon.

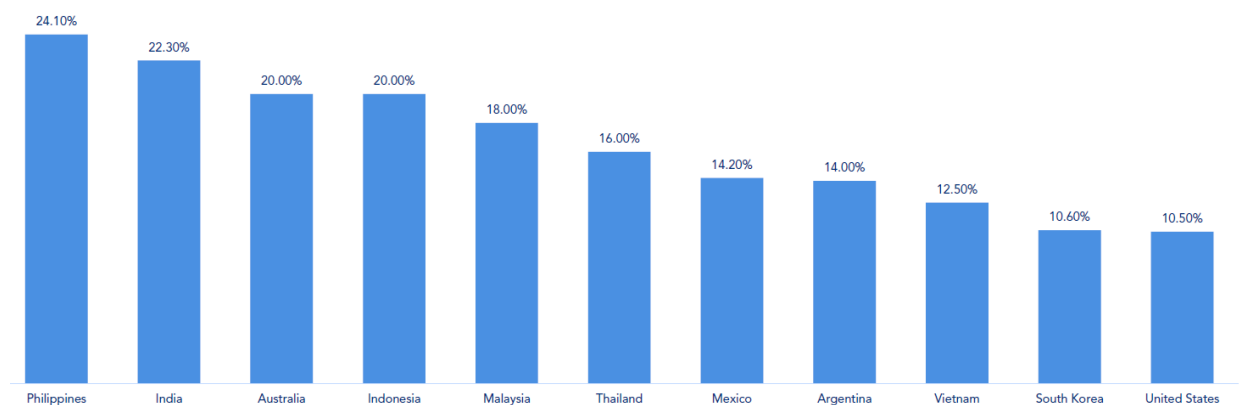
Governments worldwide are putting pressure on vehicle manufacturers to reduce carbon emissions caused by diesel fuel combustion and tackle greenhouse gas emissions, pushing them to invest in developing electric trucks (e-trucks). Rapid expansion of e-commerce and logistics industries across the major countries, including Europe, the United States, and China, is pushing the demand for a more modern distribution network, which, in turn, is likely to increase the demand for light commercial vehicles.

Major light commercial vehicle manufacturers, such as Daimler AG, Nissan Motor Company, Ford Motor Company, and Renault Group, have seen a massive increase in e-commerce sales, which boosted the logistics industry. Furthermore, the demand for e-commerce transportation has traditionally relied on pick-up trucks and vans for logistics and consumer delivery services, which is likely to witness significant growth for the light commercial vehicle market in the target market. Major players in the market are Ford Motor Company, Nissan Motor Company, Toyota Motor Corporation, and Others.

Demand Drivers: Global Scenario
Growing e-commerce and logistics industry

Logistics companies continuously search for ways to streamline their processes and cut expenses in today’s fast-paced world. Cost-effectiveness is a major component driving demand for light commercial vehicles, or LCVs. Businesses of all sizes are using LCVs more and more because of their affordability, adaptability, and efficiency. The e-commerce and logistics sectors primarily drive the light commercial vehicle market. As more individuals gain access to the internet and smartphones, online retail sales and e-commerce are surging. Consequently, this trend is projected to boost purchases of light commercial vehicles, facilitating timely deliveries to customers. Consumers increasingly favor a blend of traditional and digital self-service methods, complemented by remote human interaction. Major countries, including Europe, the United States, and China, have witnessed rapid growth in the e-commerce and logistics sectors. This expansion necessitates modern distribution networks, driving up the demand for light commercial vehicles.

Leading countries based on retail e-commerce sales growth (%), 2023 (compared to 2022)



Source: Mordor Intelligence

Leading manufacturers of light commercial vehicles, such as Nissan, Ford, and Renault, have seen a notable surge in e-commerce sales, bolstering the logistics sector. Furthermore, e-commerce transportation has predominantly depended on pickup trucks and vans for logistics and consumer deliveries, signaling robust growth prospects for the global light commercial vehicle market. The share of road freight in all inland freight transport within the Europe in 2022 was at 77.8%. Nevertheless, in the observed period, the percentage of road transportation reached its maximum value in 2022. This figure can increase in some European countries. The market is witnessing growth, driven by a rising preference for compact vans over heavy-duty trucks in logistics. As partnerships between e-commerce, logistics industries, and vehicle manufacturers promote zero-emission transportation in major countries, the market is poised for significant growth in the coming years.

In February 2024, based on Hyundai's Global eLCV platform, Hyundai Motor Company and Iveco Group announced the signing of a supply agreement for an all-electric light commercial vehicle for Europe under the IVECO brand. The new car will complement the venerable IVECO Daily and expand the Iveco Group's lineup of electric light commercial vehicles. From their March 2022 inception, Hyundai Motor and Iveco Group have produced tangible outcomes concerning hydrogen-fueled commercial vehicles, such as, the joint development of the eDAILY FCEV and the introduction of the E-WAY FCEV city bus. The new agreement not only shows that they are expanding their collaboration to include a wider range of environmentally friendly lineups, but it also shows how committed both businesses are to accelerating the shift to carbon-neutral mobility and transportation.

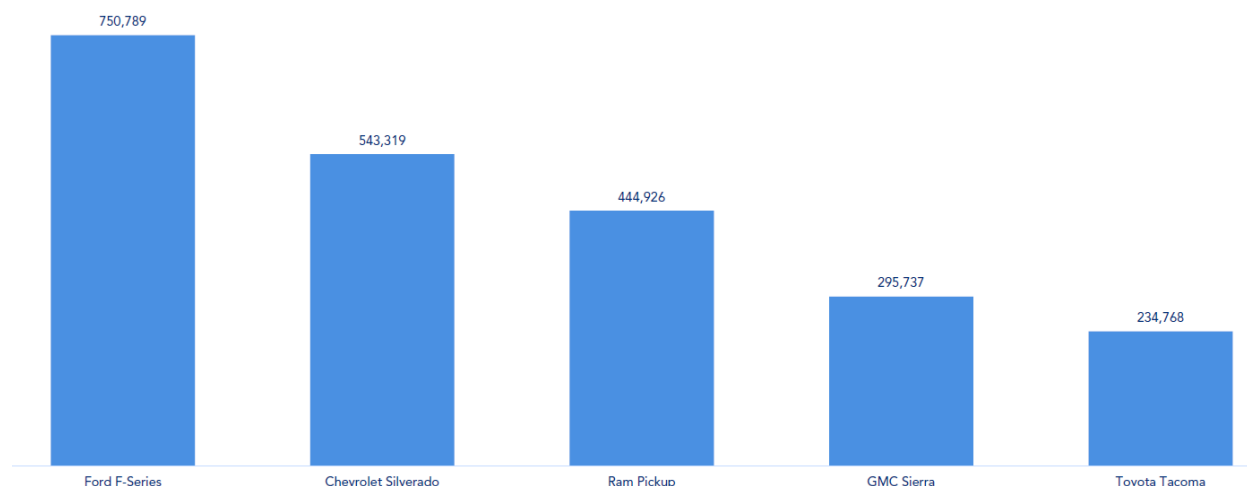
In October 2023, Renault Group and Volvo Group collaborated with CMA CGM Group to use all new generation electric vans to promote decarbonized and efficient logistics services. Through this partnership, Renault Group and Volvo Group have signed binding agreements to create a new company. The two companies will initially hold respective 50-50 equity stakes and plan to invest equal amounts of money over the next three years. CMA CGM Group signed a non-binding letter of intent with Renault Group and Volvo Group to join the new company. CMA CGM Group will invest a specific amount of money, which is yet to be disclosed, through PULSE, its Energy Fund dedicated to accelerating the decarbonization of transport and logistics sectors. Owing to the increasing e-commerce activity and last-mile delivery operations, the Market is expected to witness significant growth during the forecast period.

Economic growth and urbanization may foster the expansion of target market

LCVs have been in high demand recently in important markets like China, Europe, and North America. Numerous factors, such as the rapidly urbanizing and growing economies in these areas, are responsible for this spike in demand. The rapid urbanization occurring in North America, Europe, and China is one of the main factors driving the demand for LCVs. There is a growing demand for goods and services as more people move to cities in pursuit of better opportunities. Due to the increased demand for dependable and adaptable transportation options, LCVs are becoming the go-to option for both individuals and companies.

The demand for LCVs is also being fueled by laws and policies enacted by the government that are intended to lower carbon emissions and promote sustainable transportation. Many governments are using tax breaks and subsidies to encourage the adoption of electric and hybrid light-duty vehicles in an effort to combat climate change and improve air quality. The trend toward more environmentally friendly modes of transportation is fueling the LCV market's expansion. The demand for LCVs has also been significantly fueled by technological advancements in the automotive sector. With their advanced features and capabilities, modern LCVs are more cost-effective, dependable, and efficient. Owing to technological advancements like enhanced fuel efficiency and sophisticated safety systems, light-duty vehicles are becoming a desirable choice for companies seeking to optimize their operations.

Best-selling pickup trucks in the United States in 2023 (in units)



Source: Mordor Intelligence

In October 2023, With the launch of Pro One, Stellantis hopes to meet its target to have 40 percent revenue from electric vehicle sales by the year 2026, which will bring in \$5.3 billion (5 billion euros) in service revenue. Citroën, Fiat, Opel, Peugeot, Ram, and Vauxhall are the six Stellantis brands represented in the Pro One vehicles' commercial lineup. The Pro One program includes six brands of Stellantis and comprises ten pickup trucks, five vans, and one micro-mobility offering. A large delivery van with a roll-up rear door and a factory-built pocket door was launched in January 2024. By the end of the year 2025, the company intends to launch four new electrified Pro One vehicles, including the Ram 1500 REV in the year 2024. Like Ford Pro, which was introduced as a distinct division of Ford in May 2021, Pro One is a similar commercial venture as of Ford. Future EVs were planned for the Ford Pro lineup, which comprised hybrid and combustion-engine commercial vehicles at launch. Furthermore, Ford provides its business clients with fleet management and maintenance assistance by integrating digital services into its automobiles.

Thus, the factors that propel the demand for LCVs in North America, Europe, and China are intricately linked to economic expansion, urbanization patterns, governmental policies, and technological breakthroughs.

The market for LCVs is anticipated to rise as these regions develop and grow, offering businesses and manufacturers alike exciting opportunities. Businesses can position themselves for success in the dynamic and competitive LCV market by understanding the key drivers behind this trend.

Challenges for growth: Global Scenario

Growing light commercial vehicle rental services

The light commercial vehicle rental service is experiencing healthy growth due to the rise of online businesses worldwide. The target region countries are investing heavily in transport and business infrastructure, attracting executives, investors, and professionals worldwide. This surge in rental services is likely to result in a decline in the sale of new light commercial vehicles.

Many countries have reduced grants and incentives for electric vehicles due to the high adoption rate of EVs. As a result, fleet operators and delivery services prefer vehicle rentals over purchasing. The United Kingdom's government's decision to cut the van and truck plug-in grant has hindered the acceptance of electric vehicles in the commercial vehicle sector.

Due to stricter auto pollution standards, there is a high demand for electric vehicle rental leasing services. Several rental providers are collaborating with charging providers to offer charging infrastructure for rental vehicles. For instance, Ryder System Inc., a leading logistics and transportation company, is set to incorporate 4,000 electric vans into its lease and rental fleet by 2025. This initiative aligns with the company's response to the increasingly stringent greenhouse emission regulations in the trucking sector.

The fleet will feature GM's BrightDrop Zevo 400 and 600 electric van models. Both variants offer an impressive driving range of up to 250 miles. The primary distinction lies in their dimensions and cargo capacity: the Zevo 600, the larger variant, can handle a payload of 1,800 pounds and offers 412 cubic feet of cargo space.

The rental services have been on the rise in significant regions, mainly due to the increase in comfort, affordability, quality of life, and low cost of traveling. As tourists' travel budgets increase, luxury vans will also likely grow over the forecast period, creating lucrative opportunities for rental service providers.

In June 2024, Scot Group, the parent company behind the Thrifty Car & Van Rental franchise in the United Kingdom, unveiled a new vehicle rental venture named Switch. This new brand will run concurrently with Thrifty, which Scot Group manages throughout the UK. According to the company, Switch is designed to bolster Scot Group's responsiveness to the corporate sector and the small and medium-sized enterprise market. This heightened agility aims to address the shifting demands of the rental market, especially in the post-COVID landscape where businesses are adjusting to new employee mobility needs, such as hybrid working patterns. Switch will provide various rental options, including short-term, long-term, and flexible plans.

Set to debut in June, the new brand will utilize existing Scot Group locations and will be accessible at 90 sites across the nation. These locations will proudly display both the Switch and Thrifty branding, and vehicles adorned with the new Switch logo will hit the roads starting this month. Many countries have reduced grants and incentives for electric vehicles due to the increased adoption of electric cars. As a result, fleet operators and delivery services are more likely to opt for vehicle rentals.

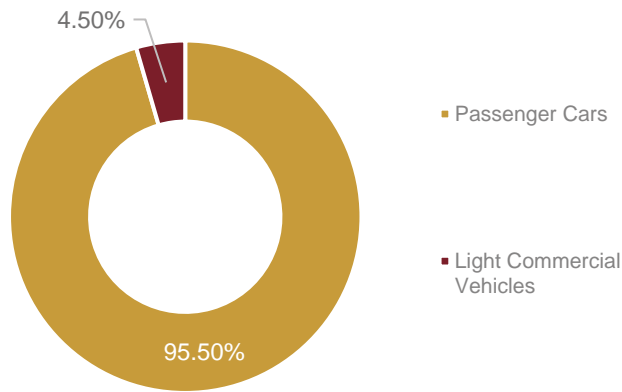
Thus, the growing popularity of light commercial vehicle rental services is reshaping how businesses approach their transportation needs. While rental services offer cost-effective and flexible options for businesses, the impact on new LCV sales cannot be overlooked.

Review and Outlook of the Global Electric vehicles Industry (2018-2029)

The Electric Vehicle Market was valued at USD 1,048.66 Billion in 2023 with 30.7 million units of sales and is expected to reach USD 1,969.8 Billion by 2029, witnessing a CAGR of 10.56% during the forecast period. In volume terms it is expected to grow at a CAGR of 9.6% taking the sales to approximately 56 million units in 2029. In recent years, the push for sustainable transportation has led to a marked shift towards EVs. This surge in popularity, embraced by both consumers and governments, is driven by a confluence of factors. With technological advancements and heightened environmental concerns at the forefront, the EV market stands on the brink of substantial growth shortly.

Continuous advancements in battery technology are key drivers of the EV market. The evolution of lithium-ion batteries has notably enhanced the range and performance of EVs, rendering them viable for both daily commutes and long journeys. Given the substantial investments in research and development by companies, we anticipate further breakthroughs in battery technology soon.

Electric Vehicle Market, annual volume share (%), by vehicle type, 2023



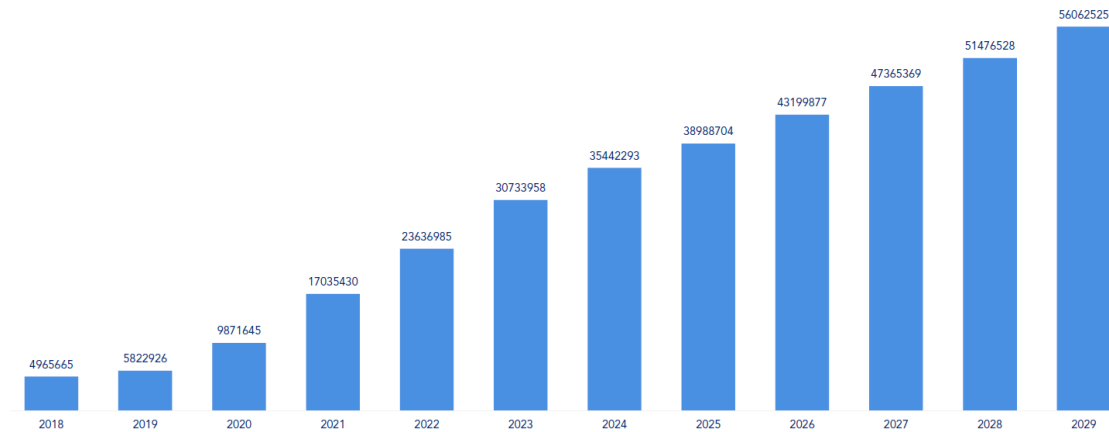
Source: Mordor Intelligence

Governments are rolling out a range of incentives and regulations to accelerate the adoption of EVs. Policymakers are not only offering tax credits and rebates but are also enforcing stricter emissions standards to motivate consumers to transition to EVs. Furthermore, numerous cities are establishing low-emission zones, permitting only electric vehicles, amplifying the demand for cleaner transportation alternatives.

Technological advancements, government incentives, heightened environmental awareness, infrastructure development, and cost competitiveness drive electric vehicle growth. With consumers and governments increasingly emphasizing sustainability and clean transportation, the electric vehicle market is ready for sustained growth and innovation.

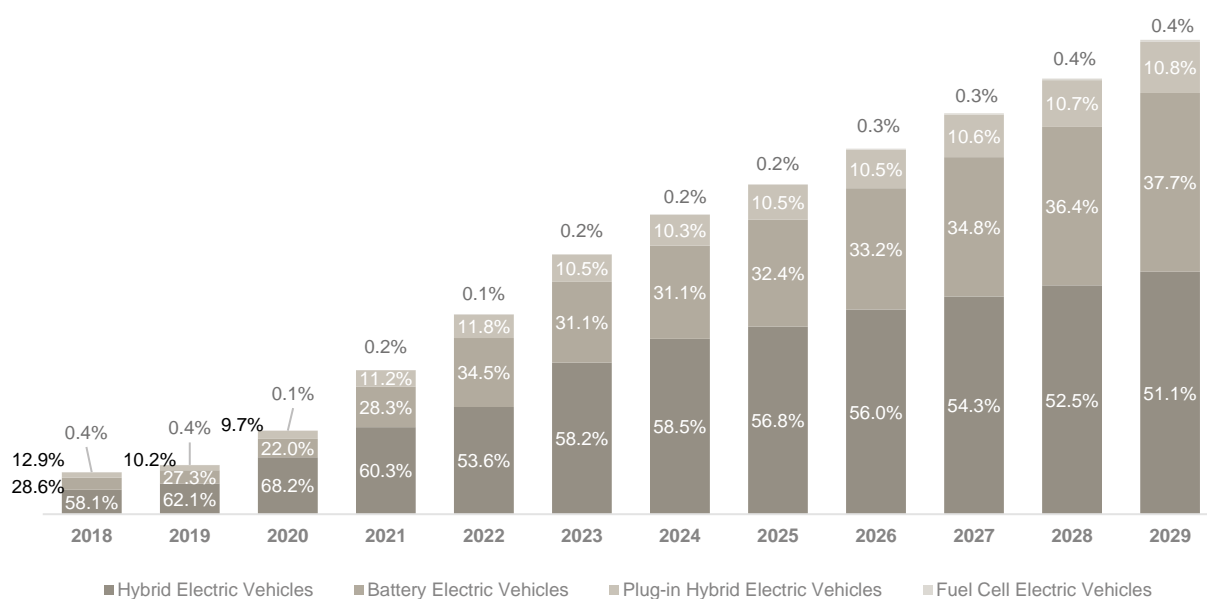
Automotive Market, volume in units, Electric Vehicle, 2018-2029

CAGR (2024 TO 2029): 9.60%



Source: Mordor Intelligence

Automotive Market, volume share, Electric Vehicle, by segment, 2018-2029



Source: Mordor Intelligence

By Propulsion Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	CAGR % (2024-2029)
Hybrid Electric Vehicles	3,614	6,736	10,276	12,660	17,897	20,720	22,160	24,188	25,723	27,040	28,650	6.70%
Battery Electric Vehicles	1,589	2,169	4,819	8,151	9,561	11,006	12,637	14,342	16,467	18,716	21,117	13.92%
Plug-in Hybrid Electric Vehicles	595	955	1,914	2,794	3,228	3,652	4,106	4,557	5,029	5,530	6,050	10.62%
Fuel Cell Electric Vehicles	25	12	26	32	48	64	85	113	147	191	246	30.88%

Electric Vehicle Market, Volume in '000 units, by vehicle type, 2019-2029

By Vehicle Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	CAGR % (2024-2029)
Sports Utility Vehicle (SUV)	1,476	3,229	6,826	10,669	14,047	16,603	18,629	21,048	23,566	26,029	28,755	11.6%
Multi-Purpose Vehicle (MPV)	385	460	521	856	1,149	1,270	1,373	1,533	1,680	1,851	2,036	9.9%
Sedan	2,204	3,442	4,839	6,575	8,359	9,543	10,364	11,290	12,137	12,909	13,784	7.6%
Hatchback	1,607	2,492	4,179	4,568	5,797	6,317	6,575	6,860	7,045	7,231	7,510	3.5%
Total Passenger Cars	5,673	9,622	16,364	22,669	29,352	33,733	36,941	40,731	44,428	48,020	52,084	9.1%
Light Commercial Vehicles	150	250	671	968	1,382	1,710	2,048	2,469	2,937	3,456	3,978	18.4%

Electric Vehicle Market, Volume in '000 units, by Geography, 2019-2029

By Geography	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	CAGR % (2024-2029)
North America	2,147	4,381	5,940	7,255	8,824	8,933	9,355	9,919	10,525	11,169	11,892	5.89%
Europe	1,553	2,883	4,933	5,374	6,590	7,020	7,577	8,199	8,861	9,558	10,387	8.15%
Asia-Pacific	1,676	1,970	5,038	9,714	13,608	17,614	20,030	22,833	25,515	28,093	30,915	11.91%
South America	255	347	593	712	875	955	1,025	1,146	1,255	1,342	1,444	8.63%
Middle-East and Africa	193	291	530	582	838	920	1,002	1,102	1,210	1,314	1,424	9.12%

Source: Mordor Intelligence

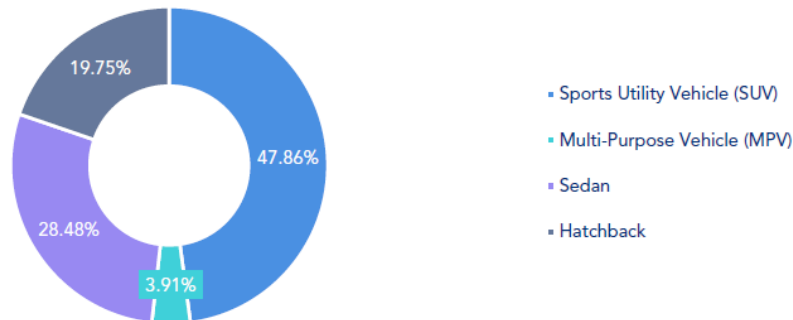
Passenger cars

The SUV sub-segment of the market was valued at USD 494.33 billion in 2023, and it is expected to reach USD 1,058.14 billion by 2029, registering a CAGR of 12.74% during the forecast period (2024 – 2029). Increasing consumer preference towards greener mobility along with the availability of luxury and high-end cars and the launch of lower-priced compact SUVs models serve as major determinants for the surging growth of this segment.

SUV sales hit approximately 20 million in 2022, marking the first time they captured over 50% of the total market share. This trend towards larger vehicles is not confined to developed markets; it is also evident in emerging and

developing economies, where SUVs represent a similar proportion of total car sales. In 2024, more than 25% of vehicles globally are SUVs, with the majority still powered by conventional ICE. However, the adoption of electric SUVs is gaining momentum, with electric models making up a growing portion of the market. According to the International Energy Agency, SUVs accounted for 48% of global car sales in 2023, reaching a new record and further strengthening the defining automobile industry trend.

Electric Vehicle Market, Annual Volume Share (%), Passenger Cars, 2023



Source: Mordor Intelligence

The MPV sub-segment of the market was valued at USD 45.95 billion in 2023, and it is expected to reach USD 72.11 billion by 2029, registering a CAGR of 8.10% during the forecast period (2024 – 2029) in value terms and approximately 9.8% CAGR in volume terms. Multi-purpose vehicles, known for their spacious interiors and versatility, have become increasingly popular among families and businesses that require practical, multi-functional vehicles. The transition to electric multi-purpose is driven by a combination of environmental concerns, government regulations, and advancements in electric vehicle technology, all of which are reshaping the automotive landscape. Electric mobility is becoming more popular among governments across the world. Government regulations to phase out fossil fuel-powered vehicles, government expenditures to improve public EV charging infrastructure, and initiatives in the form of subsidies and tax refunds to encourage the adoption of EVs are all likely to contribute to market development. However, high manufacturing and maintenance costs are expected to hamper the growth of the market.

The Sedan sub-segment of the market was valued at USD 274.43 billion in 2023, and it is expected to reach USD 466.01 billion by 2029, registering a CAGR of 8.57% during the forecast period (2024 – 2029) in value terms and approximately 7.6% CAGR in volume terms.

The electric sedan segment has been witnessing declining popularity among consumers in recent years, particularly due to the integration of compact SUVs and MPVs in the market at a relatively equivalent price to sedan models, which is contributing to consumers preferring to opt for the latter.

This body-style vehicle, due to its sleek design and comfortable driving experience, has traditionally held a considerable position in the electric vehicle market. The transition from ICE sedans to electric sedans reflects broader shifts toward environmentally friendly transportation driven by consumer demand and regulatory pressures.

The growing emphasis of prominent automobile vehicle manufacturers and rising demand for electric vehicles in the wake of supporting government policies and improved electric vehicle battery technology are several major factors responsible for driving this market.

The Hatchback sub-segment of the market was valued at USD 173.46 billion in 2023, and it is expected to reach USD 209.42 billion by 2029, registering a CAGR of 2.95% during the forecast period (2024 – 2029) in value terms and 3.5% CAGR in volume terms.

The rising population in middle-income countries and the growing urbanization rate across the world serve as major determinants for consumers preferring to avail themselves of private transportation mediums. Hence, the electric-powered hatchback vehicle segment is becoming the preferred choice of consumers owing to its lower price compared to its counterparts, which, in turn, is positively impacting the demand for this segment.

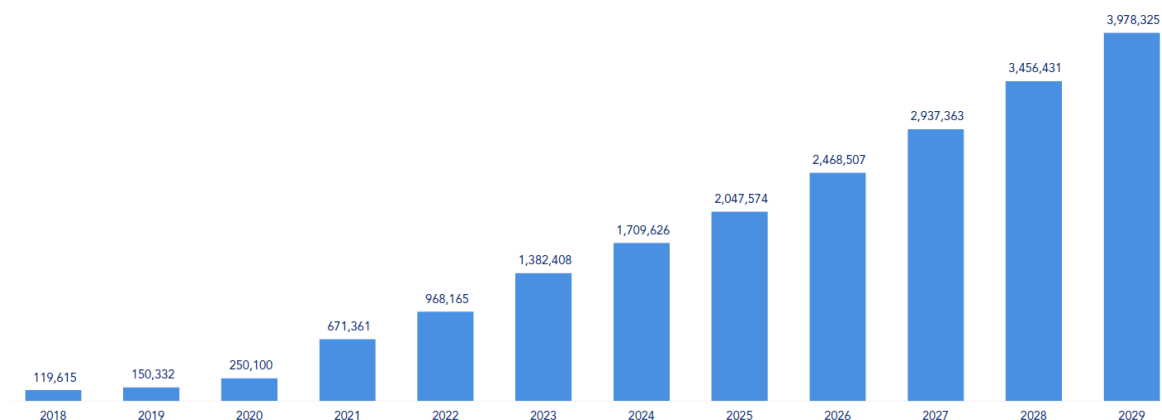
The hatchback body-style vehicles are compact in size, practicality, and affordability and have long been a popular choice among urban drivers and young consumers. According to the World Bank, middle-income countries are home to more than 70% of the world's population as of 2023, which showcases the lucrative opportunity of penetration that the electric hatchback segment holds over these countries.

Light commercial Vehicles

The light commercial vehicles sub-segment of the market was valued at USD 60.49 billion in 2023, and it is expected to reach USD 164.12 billion by 2029, registering a CAGR of 17.72% during the forecast period (2024–2029). Pick-up trucks, vans, light buses, and light-duty vehicles have been considered in the light commercial vehicle segments in the market studies. Increasingly stringent light commercial vehicle emission regulations in major countries around the world are driving up demand for this segment of the market. In addition, leading light commercial vehicle manufacturers are concentrating their efforts on developing and introducing light commercial vehicles with high power capacity and range. Electric light commercial vehicles have gained significant consumer popularity and acceptance in recent years due to the carbon emissions produced by ICE light commercial vehicles. Significant advancements in the performance of an electric light commercial vehicle, such as high acceleration rate, long driving range on a single charge, and long cycle life, are boosting the segmental growth.

Electric Vehicle Market, volume in units, Light Commercial Vehicles, 2018-2029

CAGR (2024 TO 2029): 18.40%



Source: Mordor Intelligence

Demand Drivers for EV: Global Scenario

Emphasis on Energy Sustainable Transportation

Increasing carbon emissions and climate change have become a potential challenge for governing bodies of major developed and developing countries. The transportation sector contributes significantly to greenhouse effects, accounting for around 24% of global CO₂ emissions. Nonetheless, the same issue has been faced by North American and European countries as well. To minimize carbon emissions from the transportation sector, technologies of low- or zero-carbon emission are required to be deployed on a vast scale. In context to zero carbon emission technologies, alternative fuel vehicles offer significant energy sustainable transportation and came up as a potential innovation to address the issue. HEV, plug-in electric vehicle, and BEV are the most common type of alternative fuel vehicles, which either use less or no fossil fuel.

Shifting customer preference toward electric vehicles is an evident sign for future decarbonization and simultaneously decisive for charging stations, although penetration of EVs is subjected to various attributes, including consumer behavior, infrastructure, and certain regional clusters.

Annual Carbon Dioxide (CO₂) Emissions Worldwide From 2015 To 2023 (in billion metric tons)



Source: Global Carbon Project; Mordor Intelligence

Increasing Investments in Electric Vehicle sector will expand the target market growth

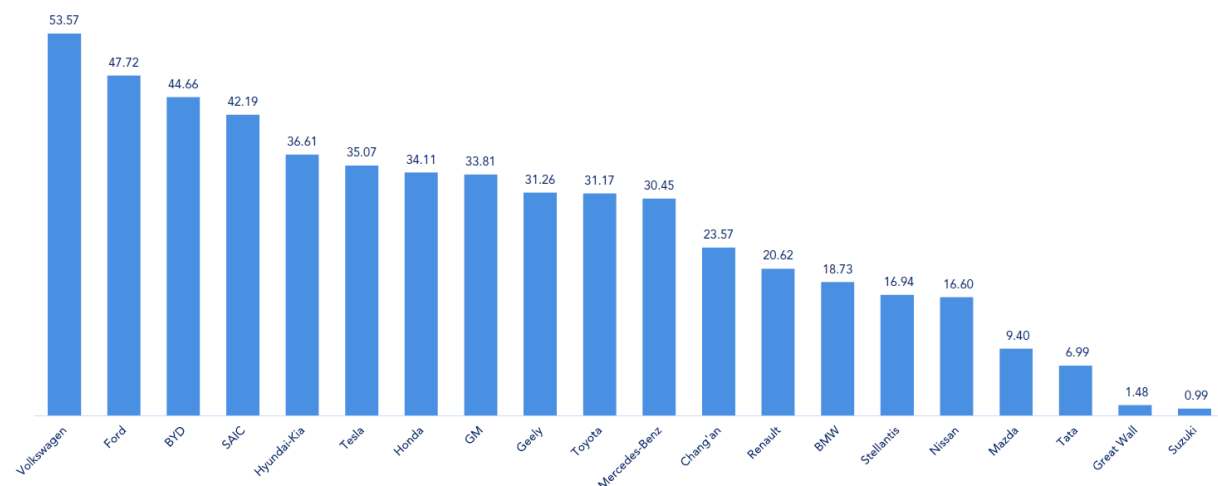
Investments in the electric vehicle sector are witnessing a significant surge. As the global community pivots towards sustainability, the rising adoption and demand for EVs have paved the way for lucrative investment opportunities. This investment momentum underscores the sector's burgeoning significance. Recognizing the EV sector's potential, investors from diverse fields pour substantial resources into research, development, and manufacturing. They aim to boost EVs' efficiency, range, and performance while reducing their environmental footprint. Furthermore, breakthroughs in powertrain technologies promise to reshape the automotive landscape, making it a prime investment target.

From governments to corporations and venture capitalists, many stakeholders are diving into the EV trend, acknowledging the extensive advantages of sustainable transportation. New investment platforms are bridging the gap between innovators and investors, fostering collaboration on both domestic and international fronts. These efforts not only propel advancements in EV technology but also uplift industry benchmarks and drive economic growth.

Key areas like lightweight materials, battery innovations, electric motors, and power electronics are garnering both attention and financial support. Such investments are vital for R&D endeavours, paving the way for the next generation of reliable, efficient, cost-effective electric vehicles.

In tandem with these investments, there's a notable push towards expanding charging infrastructure and enhancing access to renewable energy. This growing network alleviates concerns like range anxiety and bolsters the EV powertrain sector's alignment with environmental goals.

Global Electric Vehicle Investment spending by manufacturer between 2016 and 2022 (In USD billion), 2022

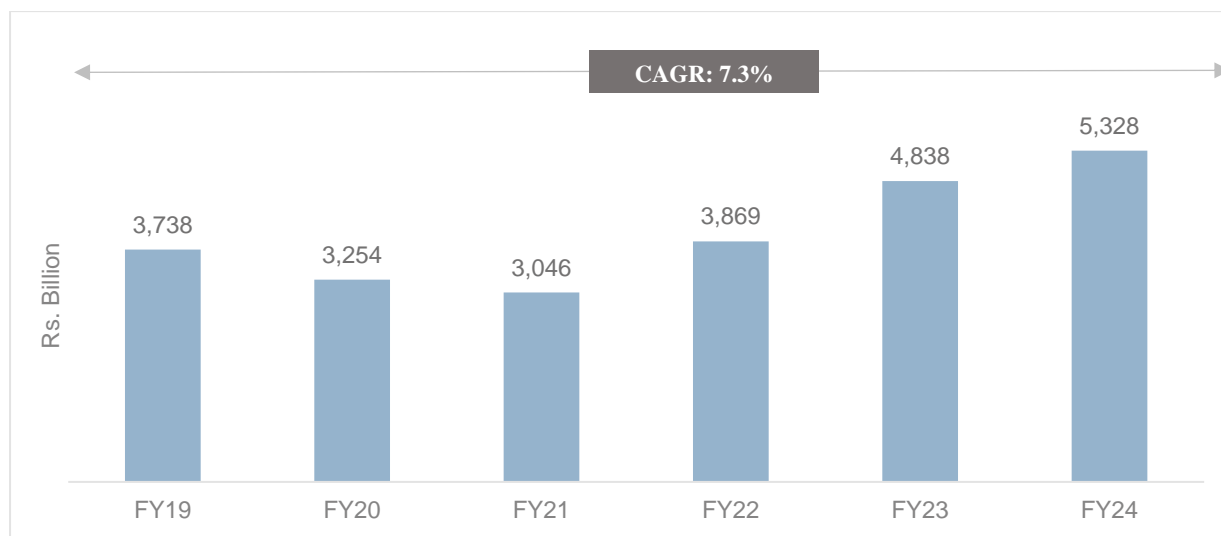


Source: Mordor Intelligence

Review (Fiscal 2019-Fiscal 2024) and (Fiscal 2024- Fiscal 2029) Outlook of the Indian Auto Components Industry

Auto component production (which includes sales to OEMs, exports, and the replacement market) has increased at a CAGR of approximately 7.3% to Rs 5,328 billion in Fiscal 2024 from Rs 3,738 billion in Fiscal 2019. While domestic sales are more volatile due to various factors like regulations, fuel prices, economic cycles, etc. that impact the short-term demand, exports and aftermarket help buffer the overall auto-component production growth from similar fluctuations.

Domestic production of auto components (Fiscal 2019-2024)



Source: CRISIL MI&A

Auto component production revenue increased at 7.3% CAGR between Fiscal 2019-2024 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 8-10% in Fiscal 2025.

Production of automotive components depends on consumption by different end-user segments: OEM, exports and the replacement market. OEM demand can be further segregated based on various vehicle segments. In Fiscal 2024, OEMs accounted for almost 63% of auto-component production by value. Among OEMs, cars and utility vehicle manufacturers remain the largest consumers.

Automotive component players are prone to risk due to the dependence on a few select clients or vehicle category and are highly dependent on demand from the OEMs.

The domestic auto components industry largely consists of small and medium enterprises. The industry is composed of 780+ organized players and 5,800 unorganized players. In terms of revenue, however, the organized

segment dominates the industry. Auto Component Manufacturers Association members represent 85% of the overall industry turnover. Over the past few years, more and more auto component companies have been registering as members of the Auto Component Manufacturers Association.

Review of exports of auto components (Fiscal 2019 to Fiscal 2024)

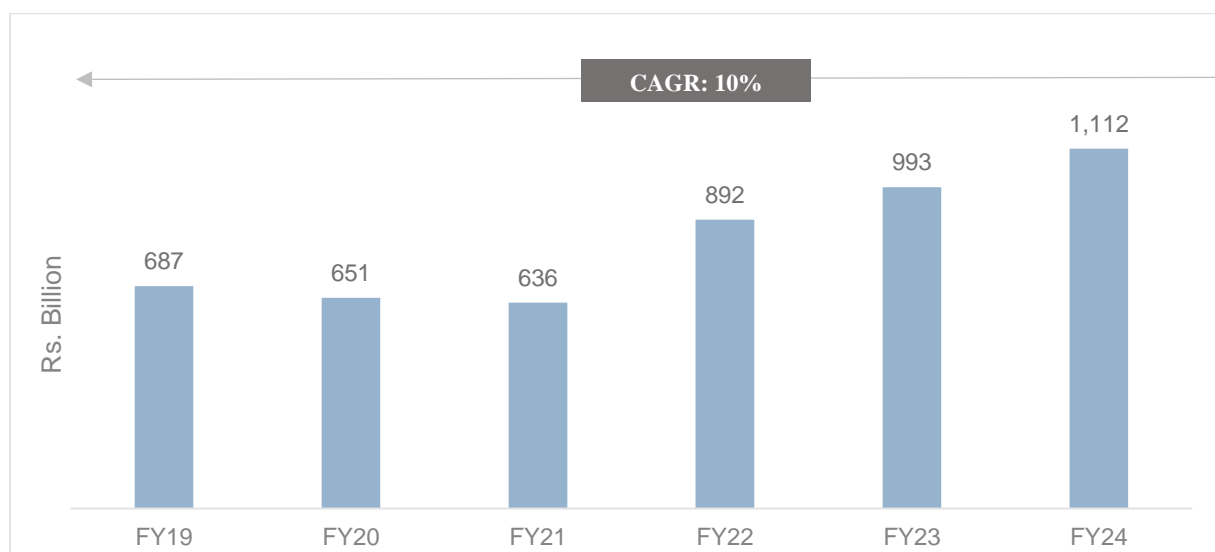
Auto component exports witnessed a strong growth at 10% CAGR during Fiscal 2019-2024 period. Even during Fiscal 2017-2020 period, exports witnessed a healthy growth at 11% CAGR. Fiscal 2021 witnessed a contraction amidst the pandemic and the restrictions.

Auto component exports accounts for 21% of the overall demand in Fiscal 2024 and is projected to record a 7-9% on year growth in Fiscal 2025 post expected growth of 11-13% in Fiscal 2024. The growth would be on the back of demand from North America and Europe which together contributed approximately 45-50% to the export demand during April-Jan Fiscal 2024. Export revenues are also expected to be supported by increased global demand and China +1 strategy. However, rising inflation and global economic slowdown remains key monitorable.

Exports witnessed growth in Fiscal 2024 despite higher base of Fiscal 2022. Demand from North America surged by 19% whereas Europe witnessed modest growth of 3% on-year during Fiscal 2023 over a high base. From April to May 2024, demand form North America and Europe grew by 8% and 21% respectively.

India’s top exports destinations are United States (27.8% of total exports), Germany (6.9%), Turkey (5.4%), Brazil (3.7%). Export demand has shown strong recovery post unlock. However, demand from Europe has been under pressure due to recessionary fears and global slowdown.

Review of exports of auto components (Fiscal 2019-2024)



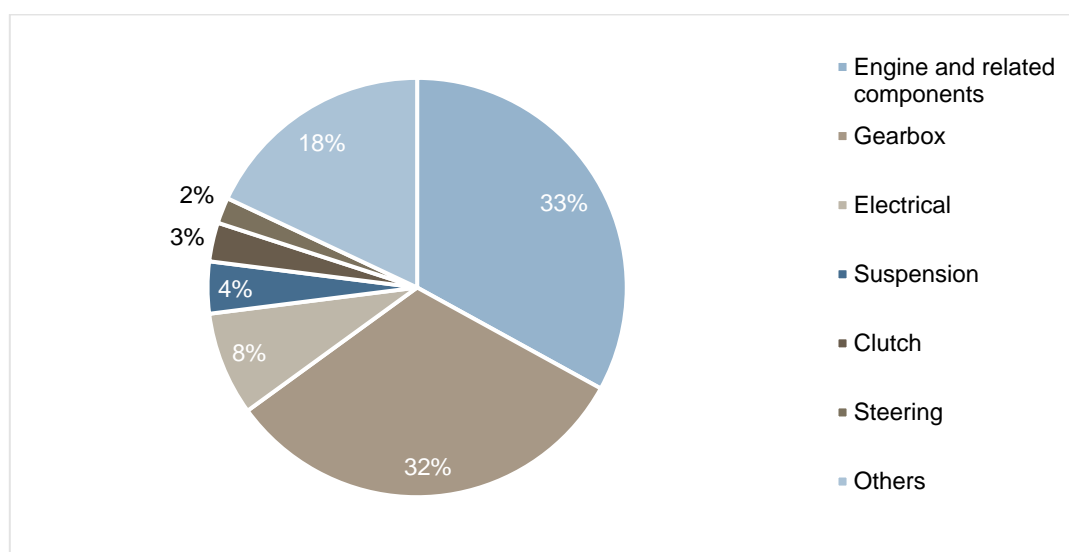
Source: CRISIL MI&A

Segment-wise major auto component categories in value terms

Major auto component from the revenue share is Engine component followed by suspension and breaking, drive transmission and steering etc.

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs.

Segment wise production break-up (Fiscal 2024)



Source: Automotive Component Manufacturers Association (ACMA), CRISIL MI&A

Growth drivers for Indian auto component industry

Demand side factors:

Vehicle production: Passenger vehicles, commercial vehicles and tractors are seen surpassing pre-Covid levels of production in Fiscal 2023 while 2W, 3W will recover from slump in Fiscals 2021 and 2022, albeit still below pre-Covid levels. Healthy demand from OEMs has been driving auto-component demand followed by replacement and export markets.

CRISIL MI&A expects almost all vehicle segments to log robust production growth over Fiscals 2024-29. Production of 2Ws, 3Ws, PVs and CVs are projected to grow at a CAGR of 7-9%, 10-12%, 5-7% and 3-4%, respectively, over the forecast period.

Key macroeconomic trends are also likely to support demand for 2Ws, 3Ws, and PVs over the medium to long term. CRISIL MI&A expects urbanisation to reach 37-38% by Fiscal 2027 from approximately 35% in 2020. India's per capita income is also projected to log a 6-7% CAGR over Fiscals 2022-27. These factors are likely to drive premiumisation across vehicle segments.

Rising Per capita income: In Fiscal 2021, per capita income declined 8.9% owing to GDP contraction amid the pandemic's impact. On the lower base of Fiscal 2021, per capita income rose 7.6% in Fiscal 2022. However, per capita income is forecast to decline in line with GDP projection. According to the International Monetary Fund's estimates, India's per capita income (at current prices) is expected to increase at a 7.6% CAGR over CY 2023-28.

Investment in Infrastructure: Infrastructure improvements are expected to support automobile demand on account of employment generation, and improved accessibility and mobility.

Electrification: To curb pollution levels, EVs are gaining global interest. In India as well, EVs are gaining popularity as the government is extending support via various policies to encourage EV adoption. Furthermore, growing awareness and concern for environmental issues is likely to driver electrification in India. The government support, coupled with rising awareness about EVs, environmental concerns, as well as the expansion in EV infrastructure is driving electrification in India. The EV segment received a real thrust in the last two years backed by model launches at competitive rates, price hikes in ICE vehicles, elevated fuel costs as well as an improvement in infrastructure support.

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.

E-3Ws use lithium-ion batteries and have a speed of more than 25 kmph. They are used for cargo and passenger movement. This space is characterised by the presence of relatively few players such as Piaggio and Mahindra and Mahindra. Under FAME-I, lead-acid battery-driven e-3Ws were also eligible for the subsidy. However, under FAME-II, only advanced batteries and registered vehicles are eligible. Piaggio and Mahindra and Mahindra currently dominate the e-3W/e-autos retail market, accounting for more than 60% of retail sales. Market leader in the ICE segment, Bajaj has recently entered the e-autos space. Unlike the fragmented e-rickshaw segment, which is dominated by the unorganised market, the e-autos segment is much more organised and dominated by large traditional players. Three-wheelers are anticipated to spearhead the Indian EV journey because these vehicles are often used for short-distance trips, carry more load, and generally make do with a day's worth of charge. In addition to the cost advantage due to central and state subsidies on EVs, the total cost of ownership of an e-3W is much less than that of an ICE alternative.

EV penetration in the 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.

Light weighting

Lightweighting is a crucial aspect for the transport sector in improving vehicle performance, energy efficiency and emissions, and making safer vehicles. Replacing cast iron and traditional steel components with lightweight materials can directly reduce the weight of a vehicle's body and chassis and therefore reduce a vehicle's fuel consumption increasing efficiency. Aluminium and high strength steel (HSS) are the most used metals by automakers for lightweighting while improving performance standards, safety, and corrosion. Apart from that the materials including composite materials which are made of carbon fibre, plastics and polymers are also used in vehicles to reduce weight.

Lightweight materials are especially important for hybrid, plug-in hybrid, and pure electric vehicles. Using lightweight materials in these vehicles can offset the weight of power systems such as batteries, electric motors and other drivetrain related components. With EVs penetration increasing, application of lightweight materials in automobiles is expected to grow as the use of these materials would improve the performance of EVs, due to lighter weight the efficiency of the vehicle can increase translating to higher range for a given size of battery, lowering the range anxiety expressed by customers. With high focus on energy efficiency and range anxiety in BEVs, light weighting is gaining increasing focus of automakers globally. Even in ICE vehicles, the need to lower greenhouse gas emission has seen adoption of materials such as aluminium, magnesium, composite materials which are used to make thinner body panels and other structural members which can improve fuel efficiency.

Lightweighting has always been a point of focus for both ICE vehicle and EV manufacturers. Companies are using components made from aluminium, HSS, composites and plastics by improving the properties of these components to match application needs while keeping the weight low. With the dual focus on reducing oil imports, as well as gradually tightening fuel consumption, norms have forced OEMs to look for ways to improve fuel efficiency in their vehicles. One of these involves the use of components that have a higher strength-to-weight ratio, i.e., these components weigh less, but at the same time, offer superior structural properties and service life. Another area of focus is EVs, where efforts to alleviate range anxiety require more efficient vehicles that are lighter, but also strong enough to support heavier parts such as batteries, so that structural integrity is maintained on rough roads and in the case of a crash.

However, the adoption of aluminium frames/light weighting is still limited owing to the price dynamics, where in aluminium is priced 4 times as compared to steel, which plays an important role in overall pricing of the vehicle.

With EVs penetration increasing, application of lightweight materials in automobiles is expected to grow as the use of these materials would improve the performance of EVs, due to lighter weight the efficiency of the vehicle can increase translating to higher range for a given size of battery, lowering the range anxiety expressed by customers.

Supply side Factors:

- India has a cost advantage in auto component production since it has cheap labour costs, is the world's second-largest producer of steel, and is close to important automotive markets. This makes it an ideal location for businesses to source vehicle components.
- India exports a significant amount of car components, which is likely to increase in the future years. India excels at manufacturing particular types of vehicle components, such as shafts, bearings, and fasteners, giving it a competitive advantage over other countries.
- The industry has been continuously upping its quality standards and developing new products to compete globally. Trade liberalisation in western markets has led to the emergence of Asia as an export hub for Europe, and North and South America over the past decade. With supply-chain realignment, several countries (including India) are likely to emerge as global outsourcing hubs in the coming years.
- Many domestic manufacturers have successfully entered strategic alliances/collaborations, while others are actively testing the waters. Many of the world's leading Tier 1 suppliers have set up manufacturing facilities in India, including Bosch, Delphi, Visteon, and Denso. Additionally, some suppliers already meet global technical and quality standards at the Tier 1 level. Some of India's leading OEM suppliers include TACO, Bharat Forge, Sundaram Clayton, and Sundaram Brake Linings.
- 2W automakers are introducing new models more frequently ever than before. This will also drive growth of the auto component industry as changes in the process of manufacturing and designing will support the pricing power of component manufacturers.

Policy support:

- PLI Schemes on automobiles and auto components are estimated to generate a capex of Rs. 74,850 crore (US\$ 9.58 billion) over the next five years. Under the automated route, 100% FDI is permitted in the auto components business. The Bharat New Car Assessment Programme will not only enhance the auto component value chain, but it will also push the production of cutting-edge components, inspire innovation, and nurture global excellence.
- 115 companies applied for the Rs 25,938 crore PLI Scheme for the automotive and the auto component sector and 75 companies have been approved for the Component Champion Incentive scheme. Incentives are applicable for vehicles and auto components manufactured in India from April 1, 2022 onwards for a period of 5 consecutive years. The proposed incentives for original equipment manufacturers range from 13% to 18% of determined (incremental) sales value, while those for component manufacturers vary from 8% to 13%.
- As FAME Scheme concluded on March 31, 2024, The Government of India's Automotive Mission Plan (AMP) 2006-26 has been critical in assuring the sector's growth.
- EMPS 2024 (Electric Mobility Promotion Scheme) - introduced by Ministry of Heavy Industries with a total outlay of Rs. 500 crore for 4 months, w.e.f. April 1, 2024 till July 31, 2024, for faster adoption of 2W EV and three-wheeler (e-3W) to provide further impetus to the green mobility and development of EV manufacturing eco-system.

Growing electronics content per vehicle:

The use of semiconductors in automobiles has increased manifolds in the past couple of years. Semi-conductors find their use in engine control units, power steering, airbags, reverse parking assist, smart keys, telematics, in-car entertainment, and other applications inside an automobile. Among vehicle segments, the intensity of use of semiconductors is higher for passenger vehicles (especially high-end models) and moderate for commercial vehicles while lesser for two-wheelers (except premium motorcycles) and tractors as there are fewer electronics used.

Critical component mix is increasing in the auto component exports basket:

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs. Typically, automotive OEMs are highly selective in qualifying suppliers with respect to critical products given the risks of switching suppliers, especially where product reliability is critical.

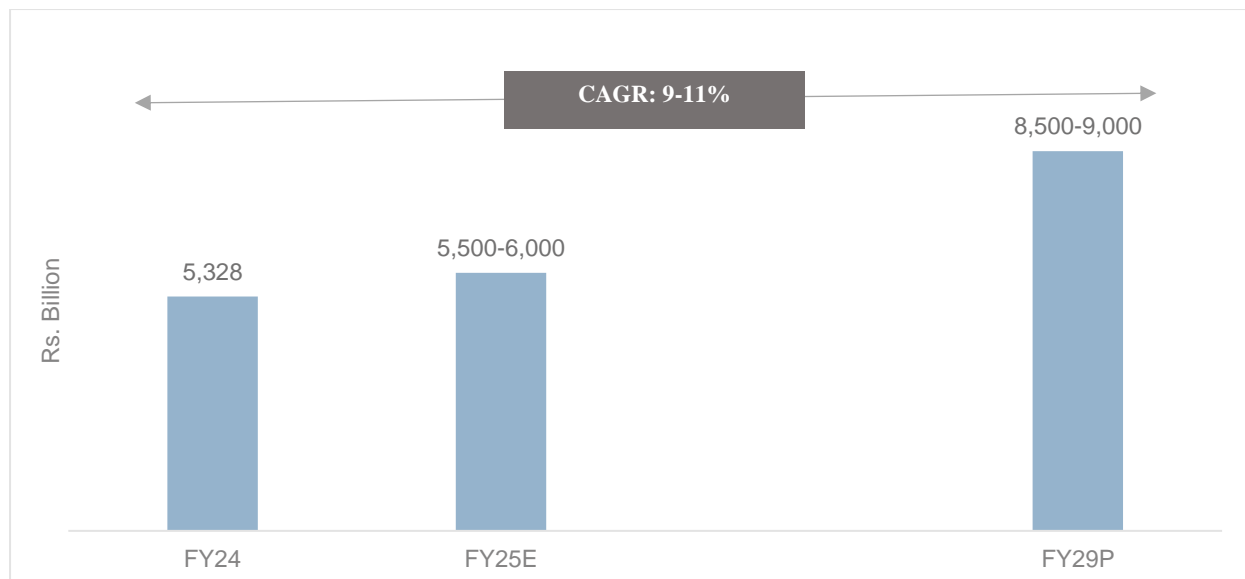
Indian manufacturers have been able to gradually increase their proportion of exports of critical components as they faced relatively less competition from other low cost producing countries in this segment. Many of these countries supplied more basic components, which were not as cost and quality intensive. India stepped up its share of exports of critical components significantly. This was possible since the domestic automotive market is increasingly attaining global technological intensity levels and component manufacturers continue to acquire greater technological prowess. Critical components are mainly exported to the US, Germany, Turkey, Italy, and Brazil. Also, off-late Indian safety and emission norms have been nearing global standards, and domestic companies have been gaining technology capabilities through joint ventures. Hence, critical component exports are projected to grow in the medium term.

Outlook of Indian auto components industry (Fiscal 2024 to 2029)

CRISIL MI&A expects auto component market size to grow at 9-11% CAGR between Fiscals 2024 and 2029 to reach Rs. 8,500-9,000 billion. This is more than 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). Demand from all segments has grown further post Fiscal 2023.

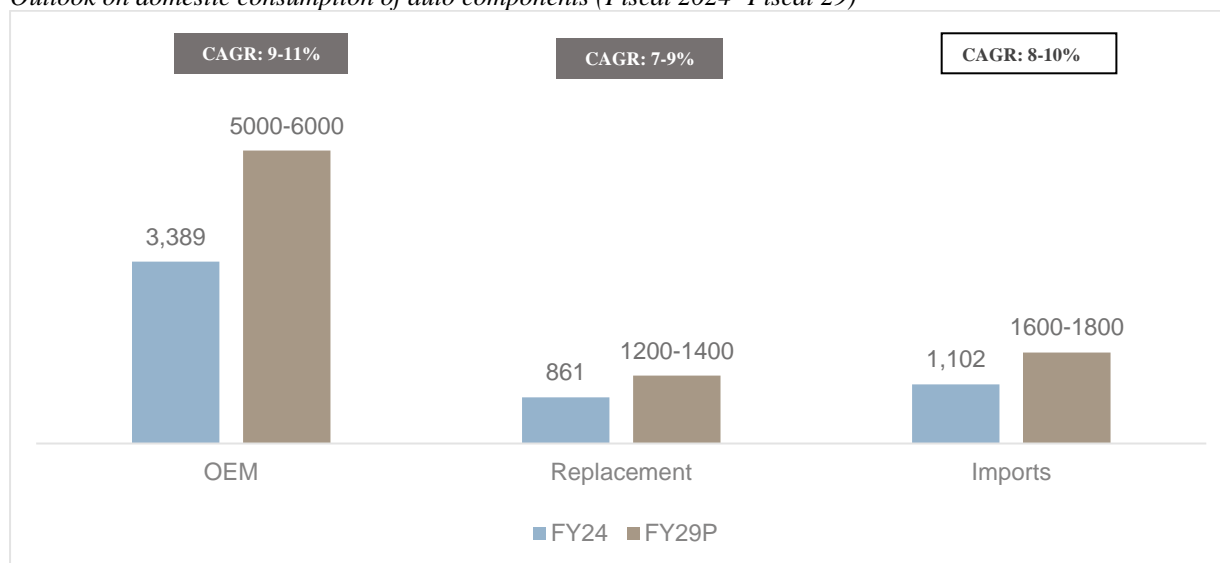
CRISIL MI&A projects auto component revenue is expected to increase by 8-10% in Fiscal 2025. This can be attributed to increase in OEM demand, driven by the recovery in CV and passenger vehicle demand. On the export front, Auto component exports (accounting for 21% of the overall demand in Fiscal 2024) are projected to witness growth going ahead post higher double-digit growth post Fiscal 2024.

Outlook on domestic production of auto components (Fiscal 2024-29P)



E: Estimated, P: Projected
Source: CRISIL MI&A

Outlook on domestic consumption of auto components (Fiscal 2024- Fiscal 29)



E: Estimated, P: Projected
 Source: CRISIL MI&A

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.

Healthy replacement demand along with an increase in realisations, to support replacement demand

The auto component replacement market is projected to increase by 7-9% CAGR between Fiscal 2024 and 2029. This is due to increased OEM demand between Fiscals 2017 and 2019 along with two to three years of replacement cycle. Moreover, auto component players undertook price hikes in recent months to offset the uptick in commodity prices. Hence, rising realization, to some extent, coupled with pent-up demand from Fiscal 2021 wherein the vehicular movement was restricted is likely to aid the demand growth. Besides, demand in the replacement market is expected to grow due to an increase in penetration of cab aggregator services in the overall stock of passenger vehicles. Nonetheless, increased durability of components (better quality), better road infrastructure and increase in service intervals would restrict the robust growth.

Make in India’ push is likely to put brakes on import growth in the long term

Imports are expected to grow by 8-10% between Fiscal 2024 and 2029. The government’s high focus on EVs and imports of batteries and cells, battery management systems is expected to drive growth in the long term, although to be restricted by low EV penetration in the near term. However, government initiatives of production linked incentive scheme to provide Rs 18,100 crore for advanced chemistry cell batteries is expected to increase localization of battery manufacturing. This will in turn reduce such imports going ahead.

OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section “**Forward-Looking Statements**” on page 18 for a discussion of the risks and uncertainties related to those statements and the section “**Risk Factors**” on page 46 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, these forward-looking statements.*

Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Audited Consolidated Financial Statements included in this Placement Document on page 259.

Data included in this section in relation to certain operating metrics, financial information, and certain business information and data (such as income from sale of goods with end-use in North America, Europe, India and Asia (excluding India), income from sale of goods from our top ten customers and income from sale of goods derived from the BEV market, among others) have been reviewed and verified by SCV & Co. LLP.

*Industry and market data used in this section have been extracted from the CRISIL Report which has been commissioned by us exclusively in connection with the Issue. Neither we, nor any of the BRLMs, nor any other person connected with the Issue has verified any information in these industry reports. For further details and risks in relation to commissioned reports, see “**Risk Factors – This Placement Document discloses information from the CRISIL Report which is a paid report and commissioned 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 62.*

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Placement Document, including the information contained in “**Risk Factors**”, “**Industry Overview**”, “**Financial Information**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 46, 124, 259 and 91, respectively.*

Overview

We are an India based mobility technology company, designing, manufacturing and supplying highly engineered, mission critical, bespoke systems and components to automotive original equipment manufacturers (“OEMs”) across North America, Europe, India and Asia (excluding India), for both electrified and non-electrified powertrain segments. We are a global supplier with manufacturing and assembly facilities located globally, and our company has experienced year-on-year transformative growth, guided by our corporate values of integrity, vitality, agility and frugality. In the three year period since becoming publicly listed in 2021, we have doubled many of our key financial metrics. For example in Fiscal 2024, our revenue and EBITDA have doubled from Fiscal 2021 and our PAT is 2.4x higher compared to Fiscal 2021. In Fiscal 2024, we derived ₹21,631.78 million representing 70.1% of our income from sale of goods with end-use in the overseas markets, including 39.4% (₹12,149.18 million) in North America, 24.6% (₹7,594.90 million) in Europe and 5.4% (₹1,657.58 million) in Asia (excluding India), and 28.3% (₹8,723.99 million) of our income was derived from sale of goods with end-use in India.

Our mission is to be a leader in the technology we invest in and give our customers an edge over the rest, while designing and building products that will help enable the future of mobility. As a result, we are a technology and innovation driven company with a strong focus on research and development (“R&D”). To meet the evolving demands of our customers, we provide electrical and mechanical systems, sensors and embedded software solutions. The EV market is a particular focus for us, and we have the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting durability, performance and NVH specifications. We also supply differential assemblies, differential gears, traction motors and controllers to customers in North America, Europe, India and Asia (excluding India), for use in hybrid and battery electric vehicles, electric two-wheelers and electric three-wheelers. We have also received certification under India’s auto production linked incentive scheme for our hub-wheel drive motors and traction motors for electric two and three wheelers. These capabilities have helped us increase our sales to the EV market at a CAGR of 62.5% from ₹2,052.46 million in Fiscal 2021 to ₹8,800.57 million in Fiscal 2024, representing 28.6% of our income from sale of goods.

According to the CRISIL Report, technological advancements, government incentives, heightened environmental awareness, infrastructure development and cost competitiveness drive electric vehicle growth. With consumers and governments increasingly emphasizing sustainability and clean transportation, the electric vehicle market is ready for sustained growth and innovation. With our product offerings spanning across all types of conventional

and electrified powertrains, we are well-positioned to gain from high growth industry trends as well as various initiatives introduced by the GoI to facilitate the growth of the automotive industry in India.

Some of the key high growth industry trends from which we expect to benefit are set forth below.

- In India, retail sales for electric two-wheelers is expected to grow at a CAGR of 40% - 42% between Fiscals 2024 to 2031, according to the CRISIL Report. We supply traction motors and motor control units for use in the electric two-wheeler and three-wheeler segments.
- Global electric vehicle market, in volume terms, is expected to grow at a CAGR of 9.6% from 2024 to 2029, with battery electric vehicles, plug-in hybrid electric vehicles and hybrid electric vehicles to grow at a CAGR of 13.92%, 10.62% and 6.70% respectively.

For Fiscals 2022, 2023 and 2024, we had EBITDA of ₹5,591.01 million, ₹6,958.17 million and ₹9,020.97 million amounting to EBITDA margins of 26.2%, 26.0% and 28.3%, respectively.

Major events in the history of our Company

Year	Event
1995	Sona Okegawa Precision Forgings Limited (“Sona Comstar”) was incorporated, as a joint venture with Mitsubishi Materials.
1997	Comstar was incorporated.
1999	Sona Okegawa commenced production at its Gurugram plant.
2005	Sona Okegawa launched its Pune plant.
2007	Sona Okegawa acquired Thyssen Krupp’s precision forging business.
2012	Comstar launched its US Plant.
2013	Sona Okegawa was renamed as Sona BLW.
2015	Comstar launched its China plant.
2016	Sona BLW started its EV journey with the supply of EV differential gears.
2017	Sona BLW added a new plant in Gurugram and acquired Mitsubishi Material's 25% stake. Sona BLW was awarded a contract for EV differential assembly. Comstar also launched its Mexico Plant.
2018	Sona BLW added an additional new plant in Gurugram.
2019	Sona BLW acquired Comstar and formed a new brand identity, Sona Comstar. Blackstone acquired a 66.3% stake in Sona Comstar.
2020	We were awarded contracts for EV motors and launched our Manesar plant.
2021	We were listed on Indian Stock Exchanges.
2022	We launched our Chakan (Pune) plant.
2023	We acquired a majority stake in NOVELIC.
2024	We launched our Silao (Mexico) plant.

Our Competitive Strengths

A leading manufacturer and supplier to global EV markets

According to the CRISIL report, electric mobility is becoming more popular among governments across the world. Government regulations to phase out fossil fuel-powered vehicles, government expenditures to improve public EV charging infrastructure and initiatives, such as subsidies and tax refunds, to encourage the adoption of EVs are all likely to contribute to market development. We anticipated this paradigm shift and heavily invested in R&D to meet the need of our customers’ changing preferences. As a result, for Fiscal 2024, ₹ 8,800.57 million representing 28.6% of our income from sale of goods was derived from the BEV market. As a percentage of our total sale of goods, our income from sale of goods to the BEV market has become 2.1x from 13.8% and in absolute value it has become 4.3x from ₹2,056.98 million in Fiscal 2021. For the quarter ended June 30, 2024, 32.2% of our income from sale of goods was derived from the BEV market.

We have been supplying differential gears in the global EV market since April 2016 and received an order for differential assemblies in 2017. We also design and manufacture traction motors and motor controllers for electric two-wheelers and electric three-wheelers. We are committed to achieving better and stronger ESG norms as a company, and our focus on developing EV specific products to facilitate the growing electrification trend enables us to implement our ESG related commitment.

Our high-power density EV systems and ability to engage with customers from concept to testing, has resulted in us being awarded various development programs for EV systems and components by multiple different customers across North America, Europe, India and Asia (excluding India).

One of the leading global mobility solutions companies and diversified across key automotive geographies, products, vehicle segments and customers

We have solidified our position as one of the most respected automotive component manufacturers. We have ten manufacturing and assembly facilities strategically positioned across key markets worldwide, enhancing our ability to effectively serve our customers, of which six are located in India, one each in China and USA and two in Mexico, as well as eight warehouses across India, USA, Germany and Belgium. Our facilities are strategically located in order to serve and prioritize our customers' needs.

Leveraging our state-of-the-art R&D capabilities and industry experience, we have transitioned from a manufacturing company to a mobility solutions company. Our proficiency in creating, advancing and producing meticulously engineered, mission-critical automotive systems and components for automotive OEMs. With an array of technologies and products in our portfolio, we collaborate with OEMs globally, especially in advanced applications, notably within the EV sector.

Furthermore, we aim to mitigate the impact of cyclical downturns in the automotive industry through our geographic diversification, together with distributed presence in PV, CV and OHV segments. We are not dependent on a single product, vehicle segment, customer or geography. In terms of geography, for Fiscal 2024, we derived 39.4%, 28.3%, 24.6% and 5.4% of our total income from sale of goods with end-use in North America, India, Europe and Asia (excluding India), respectively. In terms of products, for Fiscal 2024, we derived 58.9% of our total income from sale of driveline products, including 23.8% from differential assemblies and 31.5% from differential gears. From sale of motor products, we derived 39.6% of our total income from sale of goods, including 33.0% from conventional and micro/plug-in hybrid starter motors and 4.8% from traction motors and motor controllers. Furthermore, in terms of vehicle segments, for Fiscal 2024, PVs, CVs and OHVs contributed 70.5%, 13.7% and 9.4%, respectively, of our total income from sale of goods.

We are also focused on diversification of our business through the growth of new and existing customer relationships. We supply our systems and components to leading OEMs and Tier 1 automotive suppliers in North America, Europe, India and Asia (excluding India). For Fiscals 2022, 2023 and 2024, income from sale of goods to our top ten customers amounted to 80.2%, 78.0% and 76.4%, of our total income from sale of goods for Fiscals 2022, 2023 and 2024, respectively. For further details on the breakdown of our sale of goods in terms of geographic markets, systems and components, customers and vehicle segments, see ***“Our Business – Our Operations”*** below and ***“Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators and Certain Non-GAAP Measures”*** on pages 172 and 95, respectively.

Strong research and development and technological capabilities in both hardware and software development

We have developed strong in-house capabilities to deliver evolving green technologies for future mobility, with an aggregate expenditure on R&D of ₹1,966.40 million during Fiscals 2022, 2023 and 2024. Our R&D expenditure amounted to ₹441.72 million, ₹731.55 million and ₹793.13 million during Fiscals 2022, 2023 and 2024, respectively and constituted 2.1%, 2.7% and 2.5% as a percentage of our revenue from operations (including foreign exchange gain (net)) for Fiscals 2022, 2023 and 2024, respectively. Our R&D capabilities are further strengthened by our digital simulations, testing and validation facilities located at our three R&D centers in India (Gurugram, Chennai and MM Nagar), which are approved by the GoI’s Department of Scientific and Industrial Research and one in Serbia. They are equipped with modern facilities including various design software and testing equipment.

A critical component of all electrified systems is embedded software, and we stay competitive by building our expertise in software and electronics through various means. We develop the base software implementing global standards such as ASPICE, MISRA, AUTOSAR, and ISO26262. Furthermore, functional safety (“**FuSa**”) is a critical requirement for all electrified systems, and Cybersecurity, OBD, and over the air updates (“**OTA**”), have become essential. We are developing software products aligned to such market and OEM requirements. As a result of our strong R&D, technological and software development capabilities, we are well-positioned to become value-added partners to OEMs.

Furthermore, for our driveline systems and components, we have developed proprietary gear design software. Our software generates micro- geometries to meet the specific requirements of our customers and allows us to design gear tooth profile with minimal constraints and flexibility. This flexibility to modify the geometry is fundamental to our core strength of precision-forging technology, which enables us to design and make our tools and dies in-house and our precision forging process technology allows us to develop gears with higher power density, which is critical for the powertrains of EVs.

Our R&D capabilities are further supported by the intellectual property rights that we have in connection with our business. We have been granted 28 patents, including 21 patents in India, five patents in the USA, one patent in China and one patent in the United Kingdom and await 31 patents which are pending for approval in India and other foreign jurisdictions, including three patents under international patent applications, filed under the Patent Cooperation Treaty, and currently under review by the World Intellectual Property Organization and await 31 patents approval in India and other foreign jurisdictions. For details, see “*Our Business – Intellectual Property*” on page 179.

Strong business development with customer centric approach

We have long-standing relationships of 20 years and more with 10 of our top 20 customers. Our customers include many leading OEMs and Tier 1 automotive system suppliers from North America, Europe and India. We participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for quote (“**RFQ**”), to qualify and secure business for development of a program. Converting the RFQ process into firm orders generally leads to a long-term relationship with a customer, as the cost to the customer of switching vendors after qualification in the RFQ process is typically high.

We engage closely with our customers from concept to delivery and aim to have all our systems and components be industry leading in their category. For example, we worked closely with an Indian OEM to develop an integrated motor controller for electric two-wheeler applications. An electric two-wheeler motor and a controller are generally two separate products and located at different locations in the vehicle. This may not be optimal for performance. After months of development, we developed an integrated system where both the motor and controller resided inside a single unit. This compacted design also provides various advantages such as improving efficiency, improving performance, reducing the wiring requirement and cost-effectiveness. In Fiscal 2024, we won the business to supply this integrated motor controller for their electric two-wheelers with the demonstration of our in-depth R&D and engineering capabilities.

In addition to technology and collaboration in development of systems and components, we also meet regularly with our customers to review our performance in a number of other areas including quality, delivery and cost. As a result of our superior performance, technological capabilities, and our stringent manufacturing processes, we have received several awards for the quality of our systems and components and customer satisfaction from several OEMs.

Consistent financial performance with industry leading metrics

Our revenue from operations including foreign exchange gains (net) has grown at a CAGR of 26.7% from Fiscal 2021 to Fiscal 2024. For Fiscals 2022, 2023 and 2024, we achieved an average EBITDA margin of 27.0% and an average ROE of 20.2%.

We have made substantial investments in our R&D and in building production capacities for future growth. In Fiscals 2022, 2023 and 2024, our capital expenditure (comprising of payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances) was ₹3,472.13 million, ₹3,352.41 million and ₹3,195.31 million, respectively. As at March 31, 2024, we had a strong balance sheet with equity capital (including instruments entirely equity in nature) of ₹5,864.48 million and other equity of ₹20,638.80 million. In addition, our cash flows from our operating activities (after tax) were ₹4,445.81 million, ₹5,332.89 million and ₹6,927.51 million in Fiscals 2022, 2023 and 2024, respectively.

Highly experienced board of directors and management team

We are led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance.

Mr. Sunjay Kapur, the Chairman on the Board of our Company, has over two decades of experience in the automotive industry. Previously, he has also served as director on the board of directors of various companies and was the managing director of Sona Koyo Steering Systems Limited (now JTKET India Limited). Mr. Sunjay Kapur has extensive expertise in the automobile industry, which provides our leadership team with the vision to steer the long-term strategic direction of our business. We are further supported by an experienced board of directors with diversified expertise, which actively contributes to and participates in our strategy. Mr. Sunjay Kapur is joined on the board by Mr. Amit Dixit, non-executive director and head of Asia for Blackstone Private Equity. We also have strong oversight from the Independent Directors on our board which include, Mr. Jeffrey Mark Overly, former operating partner in the Blackstone Group; Mr. Prasan Abhaykumar Firodia, the managing director of Force Motors Limited, an Indian automotive OEM; Ms. Shradha Suri, the chairperson and managing director of Subros Limited, an Indian auto-component supplier, Ms. Manisha Girotra, the chief executive officer of Moelis India, a global investment bank and Mr. Pradip Manilal Kanakia, a qualified Chartered Accountant.

Our management team is led by Mr. Vivek Vikram Singh, our Managing Director and Group Chief Executive Officer. Mr. Singh is supported by Mr. Rohit Nanda, the Group Chief Financial Officer, Mr. Kiran Manohar Deshmukh, the Group Chief Technical Officer and Group Head – Corporate Social Responsibility, Mr. Vadapalli Vikram Verma, the Chief Executive Officer of our driveline business, Mr. Sat Mohan Gupta, the Chief Executive Officer of our motor business, Mr. Ajay Pratap Singh, Vice-President (Legal), Company Secretary and Compliance Officer, Mr. Amit Mishra, Head of Investor Relations and a strong and experienced team of cross-functional professionals across senior and mid-level management.

A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. They have led the organization through acquisitions, development of new systems and components and pivoting the business to EV markets in the last five years. Therefore, we believe that our highly experienced and professional management team provides us a key competitive advantage. For details on our management, see “*Board of Directors and Senior Management*” on page 181.

Our Growth Strategies

Increase our presence in electric, personalised, intelligent and connected (“E.P.I.C.”) mobility

Our focus is building a long-term business with a solid foundation and strong emphasis on being at the forefront of technological innovation, and we take a proactive approach to the future of transportation and sustainability. We are dedicated to our vision statement of becoming one of the world’s most respected and valuable mobility technology companies. We believe that the future of mobility will be electric, personalised, intelligent and connected. We started our journey towards electric mobility in 2016 and have initiated our journey toward the remaining three pillars – personalized, intelligent, and connected, in the past few years. By embracing the E.P.I.C. future of mobility as our strategic roadmap, we aim to develop technologies for the next generation of mobility and provide sustainable solutions to meet the evolving needs of consumers and the industry. We believe that our future growth will depend on our focus on, and execution of, these four quadrants of mobility.

- *Electric*

The shift toward EVs continues to expand and represents a fundamental change in the automotive industry. With increasing concerns about environmental sustainability and the need to reduce carbon emissions, there is a growing emphasis on the development and adoption of EVs. This transition is reshaping the entire automotive ecosystem, from manufacturing processes to infrastructure requirements and consumer preferences. According to IEA’s Global Electric Vehicle Outlook 2024, sales of electric cars, including BEVs and plug-in hybrid electric vehicles (“PHEVs”), increased to nearly 14 million worldwide in 2023, a 35% increase from the previous year and signalling a pivotal moment in the industry’s electrification journey. Further the IEA’s Stated Policy Scenario (STEPS) projects that the global electric car sales share will reach 40% by 2030. We have made significant progress in this quadrant with an early start. Our product offerings encompass both electric and hybrid powertrains such as BEVs, PHEVs and micro-hybrids. We supply differential gears, differential assemblies, traction motors and motor controllers, and micro-hybrid starter motors to various customers and with our commitment and focus toward ESG, we plan to increase the EV share of our revenue. From Fiscal 2021 to Fiscal 2024, our BEV revenue has quadrupled to ₹8,800.57 million and reached 28.6% of our sale of goods. Having been awarded various EV programs from multiple customers, we plan to further increase the EV share of our revenue.

- *Personalised*

We believe the personalization of vehicles has become one of the primary demands of automotive consumers and consumers expect tailored experiences and customised services catering to their preferences and needs. Technological advancements and digitalisation have not only transformed vehicle life cycle stages but also revolutionized customer expectations. The user experience in connected cars may include basic personalisation features as well as predictive and customisable experiences driven by artificial intelligence. This evolution extends beyond the driver to encompass all occupants, offering tailored controls, infotainment, and digital services. We believe voice and gesture interactions further enhance the user experience, with the potential for vehicles to anticipate occupants' needs, promising a transformative consumer experience in the future. We marked our entry into this domain with our product, the Integrated Motor Controller Module ("IMCM"), which we developed for a predictive active suspension system. We plan to develop more such solutions to expand further in this domain.

- *Intelligent*

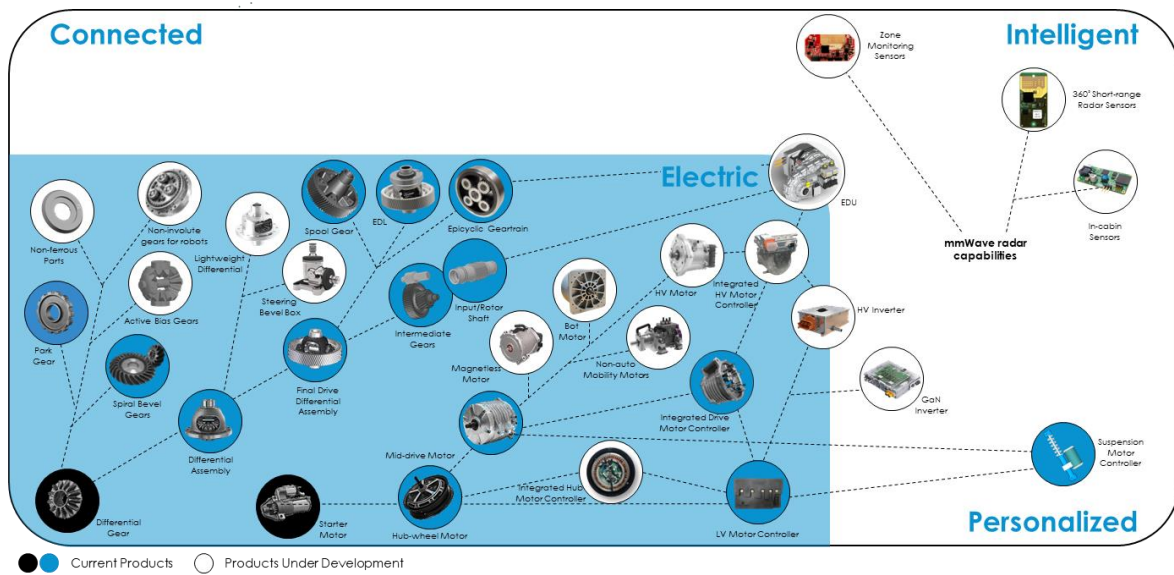
We believe the integration of intelligent technologies is revolutionizing the automotive industry. From advanced driver systems to autonomous driving capabilities, vehicles are becoming increasingly intelligent and autonomous. Scalable central computing clusters with embedded AI capabilities will characterize intelligence in future vehicle architectures. Vehicles will leverage extensive sensor technologies to communicate road conditions, enhance safety, and improve efficiency. The development of assisted and autonomous driving remains pivotal, leading to the proliferation of software content in vehicles. We believe as vehicles become increasingly autonomous and connected, the complexity and volume of code will surge, further propelling the evolution of intelligent mobility solutions. We believe these technologies not only enhance safety and convenience, but also enable new business models and mobility solutions. We believe in order to deliver products with higher levels of automation, automakers and new-age mobility manufacturers will require sufficient sensors and computing power coupled with a software-driven development process. We made a gradual entry to this domain with software development for our motor controllers. In Fiscal 2024, we acquired a majority stake in NOVELIC, a Serbia-based company, which had capabilities in mmWave radar technology. With this acquisition, we started building our third business vertical of Sensors and Software. We plan to grow this vertical further to expand into the domain of intelligent mobility.

- *Connected*

We believe the intelligent systems enable vehicles to communicate with each other and with the surrounding infrastructure, paving the way for a more connected and efficient transportation ecosystem. We believe connectivity is becoming increasingly pervasive in modern vehicles, enabling seamless communication and interaction between vehicles, infrastructure, networks, and pedestrians and vehicle-to-everything connectivity promises safer and more efficient commuting, becoming indispensable for smart cities. We believe connected cars offer a wide range of features and services that enhance the driving experience. Moreover, connectivity enables automakers to collect and analyse data from vehicles, enabling predictive maintenance, remote diagnostics and other value-added services. We do not have any significant feat in the connected domain yet. However, this being one of the key domains of E.P.I.C. mobility, we plan to increase our presence in this.

Continue to invest in technology

During Fiscal 2024, we made a significant change in our technology roadmap and aligned it with our new vision statement, which focuses on addressing the megatrends of E.P.I.C. in the broader mobility sector.



New product development is crucial to our growth strategy as a product engineering company. We seek to be forward-thinking and anticipate paradigm shifts in EVs, which in turn can help us invest strategically in R&D. We aim to capture the growth trend in revenue realization per component with increasing electrification by continuously investing in R&D to develop and deliver new and innovative systems and components.

In our driveline business, our product journey began with differential bevel gears, expanding into differential assemblies, final drive differential assemblies, and many other products for electric vehicles. In 2019, we acquired Comstar Automotive, which, at that time, had motor products exclusively for internal combustion engines (“ICE”), which helped us become an EV focused motor solutions provider. In Fiscal 2019, over 60% of its income came from the sale of goods of ICE dependent products. This became our motor business, in which we made significant R&D investments and progressed toward building multiple products for electric vehicles such as hub-wheel and mid-mount drive motors and motor controllers for electric two-wheelers and three-wheelers, culminating in integrated motor controller systems and further evolving into high-voltage and other mobility applications. For Fiscal 2024, more than 60% of sale of goods of the motor business was from products for BEV and hybrid applications. The integrated motor controller is another example of a breakthrough product that is compact, more efficient, and easy to install. It offers additional benefits, such as more efficient heat management, advanced communication capabilities, and reduced wiring and connectivity issues. These initiatives, alongside our efforts in the non-automotive mobility sector and the development of precision gears for industrial robots, underline our broad vision for mobility and our relentless pursuit of innovation.

Although the core of our strategy is to continue to achieve growth organically through investment in our technological capabilities, business development skills and customer relationships, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances that may provide us with complementary technologies that have a similar financial profile. With the acquisition of NOVELIC in 2023, our portfolio is further diversified, and we continue to advance to more intelligent, connected and personalised mobility. Our focus is on building a radar solutions and semiconductor chip design business on top of one that provides engineering services in the area of radar and perception solutions, software for mobility, embedded software, and semiconductor solutions. With our equity investment in NOVELIC, we are building a portfolio of mmWave radar solutions for the intelligent mobility. Last year, we partnered with Equipmake Plc., a UK-based company, to develop a high-voltage powertrain for electric buses, commercial vehicles, and passenger vehicles. Equipmake’s technology has been road-tested in various parts of the world, and we believe this partnership will expedite our foray into the target segments. This evolutionary process through organic and inorganic efforts highlights our commitment to innovation and the expansion of our product offerings and our portfolio in 59 patents (of which 28 have been granted and 31 pending) and 71 designs (of which 66 have been granted and 5 pending).

Our Operations

We design, develop, manufacture and supply systems and components to automotive OEMs across North America, Europe, India and Asia (excluding India) for both electrified and non-electrified powertrain segments. With our strong focus on research and development and advanced in-house hardware and software capabilities,

we develop innovative, mechanical, electrical and motor control systems and components with high power density, light weightness, durability, efficiency and improved performance, to meet the evolving demands of customers at relatively lower costs and high margins. We also provide engineering services for automotive and industrial segments through our engineering capability centers located in Serbia.

Our Systems and Components

Our systems and component offerings include differential assemblies, electronically locking differential (“EDL”) and precision forged differential bevel gears for both electrified and non-electrified PVs, CVs, OHVs and three-wheelers, conventional and micro-hybrid starter motors for PVs and light commercial vehicles (“LCVs”), traction motors, motor control units integrated motor controllers and motor control units for hybrid and electric PVs, hybrid and electric LCVs, electric two-wheelers and electric three-wheelers.

A description of the primary automotive systems and components offered by us are as follows:

- **Differential assemblies:** We design, develop and manufacture high torque drive units (i.e., differential assembly with final gear) and different variants of differential assemblies such as, final drive differential assembly, sealed differential, open differential, limited slip differential, forged case differential and EDL. Some of our key design capabilities that enhance the performance of the differential assemblies include dynamic non-linear analysis, static non-linear analysis and differential burst test-static non-linear analysis. The EDL enhances stability, traction, and safety by employing electronic actuators to lock the wheels on a vehicle’s left and right sides together, allowing them to rotate at the same speed. The EDL system integrates with the vehicle's sensors that detect speed, steering angle, and yaw rate, to determine when to lock or unlock the differential based on driving conditions. Our differential assemblies undergo special processes such as induction hardening, austempering and hardening and tempering. Our pinion shafts which are used in assembly of gears have anti-seizure coatings such as manganese phosphating, electroless nickel plating, quench polish quench (“QPQ”), gas nitriding and diamond like coating which enables EVs to operate at higher speed. We offer differential assemblies with precision ground drive gear to meet stringent NVH requirements for EVs.
- **Precision forged differential bevel gears:** This gear arrangement uses our in-house developed advanced precision forging technology which provides our differential bevel gears with features such forged spherical involute tooth profile, optimized tooth root filleting, oil slots and net forged external splines. Our net-shaped gears provide advantages over conventional machine-cut gears including, superior quality, increased strength, higher durability, design flexibility, consistent uniformity, long-lasting performance and lighter weight. Furthermore, the forged design of our gears possesses inherent strength of refined grain flow which enables increased tooth fatigue, greater load-carrying capacity and longer field life of our components. Our precision-forged gears are designed and produced with teeth profile using our proprietary software and forming process, resulting in design flexibility, uniformity in the tooth contour, repeated accuracy, robustness and long product life. Since we design and manufacture our gears in-house using our proprietary technology, including the dies used to forge our gears, and form the gears’ teeth from inception instead of cutting, we utilize lower amounts of raw materials such as steel in our production process which makes our product cost-effective for our customers and provides us with a competitive advantage. Differential bevel gears are a critical component for automobiles and other wheeled vehicles as they allow transmission of power from the power source to a pair of driving wheels while allowing them to rotate at different speeds. The technologically advanced features and performance of our differential gears facilitate their usage in passenger, heavy commercial and off-highway vehicles.
- **Conventional and micro-hybrid starter motor:** We design, develop and manufacture various series of four and six poles starter motors based on both field winding and permanent magnet design categories. Some of the key features of our starter motors include, compact and light weight design, modular mountings, optimized magnetics using pole shunts, hex free plating, sealed noiseless operation, bounce free solenoids which eliminate possibilities of contact welding, ice break feature on solenoid terminals for severe cold start abilities, anti-cross thread feature, use of special greases for wide temperature range, fully sealed protection and enhanced corrosion resistance. These features result in enhanced durability to meet stop-start applications, increased cold cranking capability, proven reliability for long product life, design flexibility, vibration and environmental resistance to all types of customer specifications, pre-engaged reduction drive and high power to weight ratio. **Traction motors:** We design, develop and manufacture different types of traction motors such as permanent magnet synchronous motors (“PMSM”) and brushless direct current (“BLDC”). These motors are used to provide traction to the electric vehicles, a

function that used to be accomplished by an engine in an ICE vehicle. We have these motors in voltage ratings of 48V, 72V and 96V

- **Motor controller:** We design, develop and manufacture motor controllers for electric two-wheelers and three-wheelers applications using the latest software and design solutions in accordance with international standards. Motor controllers control the power given to motors for providing torque and speed to the vehicle. It also charges battery during the braking of vehicle.
- **Integrated Motor Controller:** We have developed an Integrated Motor Controller that is more compact and efficient compared to a separate traction motor and motor controller in a vehicle. We have also developed an IMCM for a predictive active suspension system that detects bumps, speed breakers and other disturbances and responds independently.
- **Other gears:** We also design, develop and manufacture tandem axle gears or inter-axle differential (“IAD”) gears for CVs having more than one live axle, gearbox gears, other bevel gears such as portal axle bevel gears, farm implement gears and rotavator gears and different variants of cylindrical gears such as, reverse idler gear, spur gears and mono-block gears. Our products also include Spool Gears and Epicyclic Geartrain which provide solutions for advanced drivetrain architectures in electric vehicles, enabling efficient power distribution even in the absence of a mechanical differential. Some of the key features of our cylindrical gears include optimized root design, precision machined teeth, recessed dog teeth for mono-block gears, integrated sleeve stops, back tapered tooth flank, smooth fillets, equidistant fiber flow and microstructure, which improve functionality, strength and weight of these gears.

Customers

We serve a broad range of customers both in the Indian and overseas markets. For Fiscal 2024, we derived 70.1% of our income from sale of goods with end-use in the overseas markets, including 39.4% in North America, 24.6% in Europe and 5.4% in Asia (excluding India) and 28.3% of our income from sale of goods with end-use in India.

In terms of vehicle segments, PVs, CVs and OHVs contributed 70.5%, 13.7% and 9.4% of our income from sale of goods for Fiscal 2024, respectively. We started supplying differential gears in the global EV market in April 2016, and have increased our focus on EV market through introduction of new systems and components since then. For Fiscals 2022, 2023 and 2024, we derived ₹5,046.32 million, ₹6,614.48 million, and ₹8,800.57 million from sales to the BEV market, representing 24.8%, 25.8% and 28.6% of our income from sale of goods for Fiscals 2022, 2023 and 2024.

We are continuously focused on strengthening our customer relationships by prioritizing our customers’ needs in terms of design compliance and engineering standards. We achieve this through offering integrated end-to-end solutions and engaging with our customers from concept to delivery for developing customer platform centric systems and components. In addition, we also meet regularly with our customers to review our performance in a number of other areas including quality, delivery and cost.

We have long-standing relationships of 20 years and more with 10 of our top 20 customers.

We typically participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a RFQ for securing business. We are generally required to submit a detailed technical proposal including technical information such as, the product features, performance specifications, compliance with legal and regulatory requirements, proposed development timeline, product validation plan, performance and durability expectations and prototype quantity for vehicle fitment. We may further be required to develop and supply concept prototypes for the customer based on initial design plans. In such cases only after our prototype is confirmed to have met the customer’s specifications and clears the testing phase, we are awarded the product program. We invest in securing new customer relationships through this intense, time consuming and costly vendor selection process, as it enables us to better understand our customers’ design and performance needs, and demonstrates our capabilities in providing end-to-end integrated and technologically advanced customized solutions for developing critical automotive systems and components. Converting the RFQ process into firm orders generally leads to a long-term relationship with such customer as the cost to the customer of switching vendors after qualification in the RFQ process is typically high. Upon qualifying for the product development program, we enter into a letter of intent with the customer which specifies the expected production commencement date and forecast volume for the program.

We execute standard global terms and conditions or master purchase agreements with most of our customers followed by program specific engineering statement of work and open purchase orders. This is consistent with market practice in our line of business. Under the engineering statement of work, our customers provide us with program specific sourcing confirmations, including specific part numbers, volume projections of their requirements for the specific program, program life and supply locations. Open purchase orders generally contain the commercial terms of supply for the program including price, delivery location and certain incoterms. Delivery schedules are released and refreshed regularly by customers throughout the program period.

Key Manufacturing Processes

The manufacturing processes involved in the production of our key systems and components are described below.

Differential Gears: We manufacture differential gears in our Gurugram Unit I, Gurugram Unit II and Gurugram Unit III (collectively, the “**Gurugram Units**”) and the Pune Unit. Our gear making process starts with the gear design using 3D modelling, simulation, die design and 2D drawing. This is followed by purchase of raw materials, color coding, billet cutting, precision warm forging, green machining, case carburizing, hardening, finish machining, surface treatment, super-finishing, washing, packing and dispatch.

Differential Assembly: We manufacture differential assemblies in our Manesar Unit. We purchase cast housing and blanks for final drive gear (“**FDG**”) from third-party suppliers and undertake the machining process in-house. Our in-house manufacturing processes are classified into case housing machining, final gear machining and assembly:

- Case house machining: This includes key processes such as machining, laser marking, balancing, R.P. oil application, cleanliness inspection and quality inspection.
- Final gear machining: This includes key processes such as hobbing, chamfering and deburring, heat treatment (case carburizing, hardening, and tempering), hard turning, tooth grinding and helical gear tooth inspection before transferring the material to assembly line. Case Housing, final drive gear and differential bevel gears are then sent for the final differential assembly process.
- Assembly: Case housing, final drive gears, differential bevel gears and other child parts are input for the assembly process. As part of our differential assembly manufacturing, we undertake ultrasonic washing of child parts, following by sub-assembly, angular backlash and tare torque inspection, FDG fitment on subassembly, bolt tightening, run-out inspection and laser marking, R.P. oil application and final packaging and identification for traceability.

Conventional and micro hybrid starter motors: We manufacture and/or assemble starter motors at our plants located in India (Chennai), USA, Mexico and China. The key operations undertaken for manufacturing of starter motors include high speed turning, induction heat treatment for hardening, grinding and multi-head drilling. Armatures assembly comprising very controlled and precise copper pin forming and assembly, heat staking process with Miyachi control mechanism, varnishing, core and commutator turning with dynamic balancing process. Frame assembly is manufactured by welding of pole shunts and assembly of magnets and charging. We use auto soldering process and gooping process to ensure 100% sealing for solenoid assembly with plunger contact assembly. Final assembly comprises of assembly of housings, armature, solenoids, brush assembly and drive assembly with very high levels of poka-yoke, digital control and high precision end of line tester for performance, speed and NVH. Strong in-house manufacturing system engineering team supports high level of automation and machine building for optimal cost.

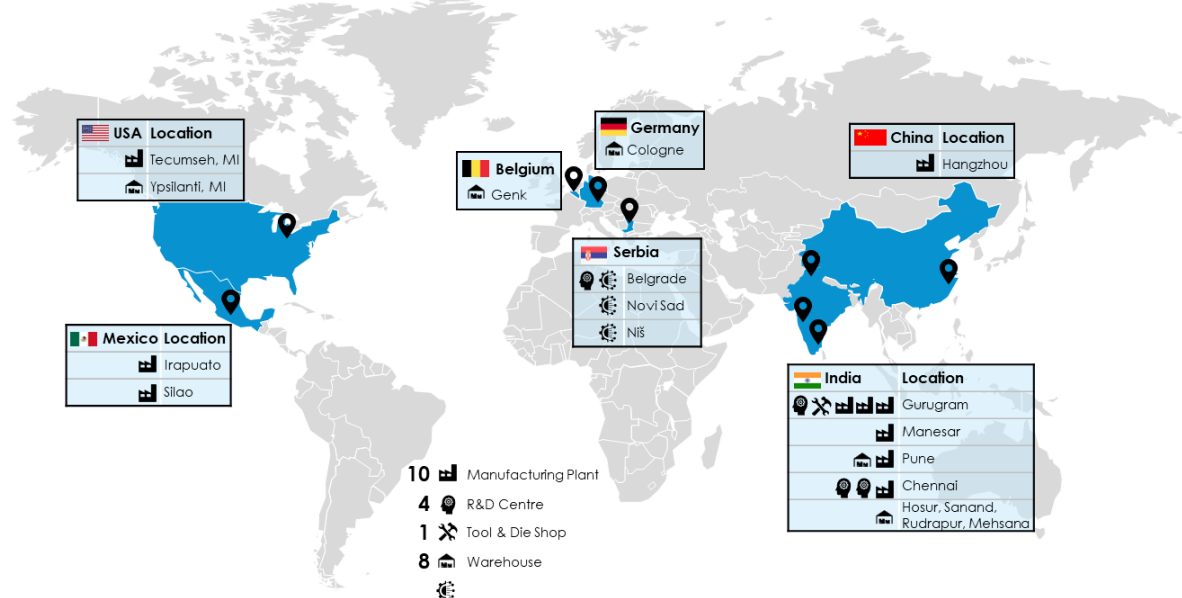
Traction Motors: Our traction motors comprising of hub-wheel motors and drive motors for two-wheelers and three-wheelers are manufactured at our plant located in Chennai, India. We have state-of-the-art manufacturing facilities to make stators, rotors and final assembly of these motors. Key manufacturing processes include high speed multi-strands winding machines, auto wedge paper insertion, dynamic balancing machines as well as rotor assembly and hall sensor assembly. Apart from motor manufacturing we have the capability of making controllers on our own including integration of software systems.

Manufacturing Locations

We have ten manufacturing and assembly plants across India, China, Mexico and USA, of which six are located in India. Our facilities in India, China, Mexico and USA specialise in manufacturing motor products, while Indian

sites and the other Mexico site focus on manufacturing driveline products. While our facilities in India are manufacturing plants, the facilities in US, Mexico and China operate as satellite final assembly plants. We also have eight warehouses, of which, five are located in India and three across USA, Germany and Belgium. Our manufacturing and assembly facilities have IATF, and ISO certifications. As at March 31, 2024, we had the annualized capacities for manufacturing 45.80 million bevel gears in Gurugram plant, 14.40 million bevel gears in Pune plant, 2.50 million differential assemblies in Manesar plant, and 3.80 million starter motors and 0.40 million traction motors in Chennai plant.

The following map shows the locations of our manufacturing and assembly plants, R&D centres, warehouses, tool and die shop and sales office as at March 31, 2024.



Suppliers

We typically purchase our requirements for raw materials, commodities and components/parts used in the production of our systems and components from multiple qualified sources in quantities sufficient for our needs. However, we procure certain key critical components such as magnets required for manufacturing of our starter motors from limited number of suppliers. We generally pass-through to our customers, price changes in steel and copper with certain time lag.

We have a rigorous vendor evaluation, selection and quality control process to ensure that we partner with suppliers who have the ability to comply with our quality standards, delivery schedules and other contractual obligations. Generally, we select suppliers based on total value delivered by them (including total landed price, quality, delivery and technology), taking into consideration their production capacities and financial condition..

R&D and Technology

We are committed to research and development, engineering, designing and advanced in-house technological capabilities in precision forging, mechanical and electrical and electronics systems, as well as sensors and software.

We have four R&D centres in India and Serbia. The table below sets forth details with respect to our R&D facilities:

Location	Target vehicle segment	Systems and Components
Gurugram, India	Hybrid and EVs	Differential gears and assemblies, Cylindrical Gears, Spiral Bevel Gears
Chennai, India	Hybrid and EVs	High Efficiency Alternators; BSG, BLDC, Traction motors
Chennai, India	ICE Vehicles	Starter Motors, Alternators
Belgrade, Serbia	All Vehicles	mmWave radar sensors

Design and Engineering

We are a technology and innovation driven company with advanced design and engineering capabilities, including capabilities in delivering green technologies suitable for future mobility.

We are continuously focused on developing innovative systems and components with our capabilities in materials science and precision forging to achieve better strength, wear and tear and hardness characteristics. In recognition of our R&D and technological capabilities, we have received awards for the quality of our systems and components and customer satisfaction from several OEMs. For details of our customer awards, see “*Our Business – Awards*” below.

R&D Initiatives and Technical Collaborations

We engage in ongoing engineering and R&D activities to improve the reliability, performance and cost-effectiveness of our existing systems and components and design and develop innovative components that meet customer requirements for new applications.

With our customers continuously focusing on weight reduction in EVs to enhance the range, augment the vehicle’s acceleration and improve overall efficiency, we have been developing high power density differential assemblies and traction motors and motor control units through our R&D efforts. Integrated drive units have three key components namely, differential assembly, high voltage traction motors and high voltage inverters. Since we manufacture traction motor and motor controllers for electric two-wheelers and three-wheelers, and differential assemblies for battery electric passenger vehicles, we are in a unique position to integrate the three key constituents of the electric powertrain into a single matched unit, offering an efficient and compact solution to EV OEMs.

In addition to our in-house efforts to the develop new technologies, we also explore potential partnerships to accelerate our R&D efforts and bring new technologies in the market. For example, in 2022, we formed a strategic partnership with Enedym Inc., a Canada based company, to develop switched reluctance motor drive platforms for Indian road and usage conditions. This partnership targets three-wheeler electric vehicles, two-wheeler high-performance motorcycles and four-wheeler cargo delivery electric vehicles. In 2023, we signed a technology licensing agreement with Equipmake, a UK based company. Through this agreement, Equipmake licensed certain patented spoke motor and inverter technology in the power range of 100kW to 440kW to us. This allows us to manufacture and sell EV powertrains, sub-systems, and components for electric cars, buses, commercial vehicles and off-road vehicles.

Software

A critical component of all electrified systems is embedded software. We develop the base software in accordance with global standards such as ASPICE, MISRA, AUTOSAR, and ISO26262. Furthermore, FuSa is a critical requirement for all electrified systems. In the automotive industry, cybersecurity, OBD and OTA have become essential requirements and we are developing software products aligned to market and OEM requirements.

In addition, our Company has also participated in several R&D focused conferences and collaborated with other industry and technical experts to publish R&D related materials.

Raw Materials and Components

The principal raw materials and components used for manufacturing differential gears and differential assemblies are special steel alloy bars, iron castings, steel blanks and bolts. For starter motors and traction motors, key materials are steel forgings, copper enamelled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other proprietary parts. We source these raw materials and components mostly from India as well as from North America, Europe and China. For Fiscals 2022, 2023 and 2024, our cost of materials consumed and changes in inventories of finished goods and work-in progress amounted to ₹9,455.58 million, ₹12,199.63 million and ₹13,741.35 million, respectively, accounting for 44.0%, 45.4% and 42.8% of our total income for Fiscals 2022, 2023 and 2024, respectively.

Utilities

- **Power and Fuel**

We use substantial amount of electricity for our operations. For Fiscals 2022, 2023 and 2024, our total costs for power and fuel amounted to ₹484.30 million, ₹652.47 million and ₹818.06 million, respectively, comprising 2.3%, 2.4% and 2.5% of our total income for Fiscals 2022, 2023 and 2024, respectively. We purchase utilities for our operations in India, overseas from the local utility companies in the jurisdictions in which we operate and from third party suppliers. As a green energy initiative, we have also installed solar power plants in some of our manufacturing locations. We are also investing in setting up of captive solar power plant capacities for our plants.

- **Water**

We source water from local utility companies in our India operations. We also undertake treatment of waste water for its reuse in compliance with the local water usage and treatment guidelines. In our overseas facilities, no water is used for industrial purpose.

Sales and Marketing

Our sales and marketing department is responsible for designing and implementing a business development strategy adapted to all markets, and forging local and global partnerships with OEMs to sustain profitable growth. Our sales and marketing team closely coordinates with our engineering team and the customer's design and engineering department to understand the technical requirements of the component. The degree of involvement varies depending upon the customer's requirements and ranges from designing of systems and components from inception, including providing inputs on the type of materials to be used to proposing unique features and specifications to improve the existing design. Through this process we are able to deepen our engagement with our customers at the business development stage itself which enhances our relationship with our customers.

Competition

The automotive component manufacturing industry is very competitive, and we face significant competition from both players in the Indian and overseas markets. Technology, price, design, quality, delivery, engineering development and program launch support are the primary elements of competition in our markets.

Employees

As at March 31, 2024, we had 4,674 employees, comprising of 1,672 on-roll (35.8% of total employees) and 3,002 off-roll employees (64.2% of total employees). As at March 31, 2024, 163 (3.5% of total employees) of our employees were members of unions.

Environment, Health, Quality and Safety

We have established a dedicated environment, health, occupational, health and safety ("EHS") function to oversee EHS issues for our operations and adopted a comprehensive EHS management system in accordance with applicable standards with policies and practices which are applicable to our employees and contractors within our premises. The application of our EHS and project management processes, practices and standards are regularly checked via audits. During Fiscals 2022, 2023 and 2024, we had incidents of one, two and one injuries respectively, and zero fatalities during this period.

Environment, Health and Safety

As of March 31, 2024, nine of our plants were certified for environmental management systems, in accordance with the ISO 14001, as well as occupational health and safety management systems in accordance with ISO 45001, five were certified for quality management systems in accordance with ISO 9001, six were certified for information security, cybersecurity and privacy protection — information security management systems in accordance with ISO 27001, two were certified for energy management systems in accordance with ISO 50001.

We have put in place various processes to reduce the risk of accidents and prevent environmental pollution at our facilities including, *inter alia*, ensuring that plant employee safety manuals covering employee safety and environmental procedures are in place and implemented and that plant level hazard identification and risk assessments are periodically carried out, providing training and awareness programs on employee safety and

environment to all employees, including training on use of cranes and forklifts, furnaces and other machines and operations, the use of first aid and other procedures to deal with emergencies etc.

Quality Control

Most of our manufacturing units have the IATF 16949:2016 international standards certification for automotive quality management. Based on the type of operation, our quality control and quality assurance requirements are finalized at the time of product development.

Intellectual Property

We have obtained trademarks registrations in India for the logo of “Comstar” under class 12. We have also obtained global registration/rights of the word mark “Sona BLW” under class 12, been assigned rights to the word mark “Sona” registered under class 12 in India and received a word mark registration for our brand “Sona Comstar” under class 7. Furthermore, we have applied for registration of various marks under class 7, class 12 and class 35 such as “Sona BLW More Torque Per Gram”. We have also filed eight applications for obtaining a no-objection from the Registrar of Trademarks in India for protecting our logo under Indian copyright laws. Our domain name www.sonacomstar.com has been registered in India. We have been granted 28 patents, including 21 patents in India, five patents in the USA, one patent in China and one patent in the United Kingdom and await 31 patents which are pending for approval in India and other foreign jurisdictions, including three patents under international patent applications, filed under the Patent Cooperation Treaty, and currently under review by the World Intellectual Property Organization. We have initiated legal proceedings before the High Court of Delhi against certain parties, for unauthorized use of the “SONA” brand and have, among other things, sought for a permanent injunction restraining such persons from using the trademark/trade name/logo “SONA”. The Honourable High Court of Delhi has granted interim injunction in favour of our Company. The matter is currently pending for trial.

Property

Our registered and corporate office is located at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana-122004, India. Furthermore, as at March 31, 2024, we had ten manufacturing and assembly facilities across India, China, Mexico and USA, of which six manufacturing facilities are located in India. We also have eight warehouses, of which, five are located in India and three across USA, Germany and Belgium. In addition, we have four R&D centres located in India and Serbia. Of our eight properties which are located in India, six are on lease or licensed basis. For further details on our manufacturing facilities, see “ – ***Our Operations – Manufacturing Locations***”, above.

Insurance

Our business, including our manufacturing operations, are subject to various risks inherent in the automobile industry such as risk of equipment failure, work accidents, fire, theft, earthquake, flood, product recall and liability, acts of terrorism, other force majeure events and other hazards that may cause personal injury, loss of life, damage to property and equipment and environmental damage. We maintain insurance policies in respect of our business, assets or stocks, machinery, building and equipment.

We maintain fire and special perils policy with add-on cover for earthquakes, insurance against theft and burglary for our stocks at vendors and transporters end and marine cargo sales turnover policies to cover various risks during the transit of goods anywhere in the country and overseas. In addition, we have a commercial general liability policy to cover any product recall and product liability risk, personal accident insurance policy for our employees, group mediclaim policies for our employees and their families and other insurance policies to manage the risk of losses from potentially harmful events, business public liability insurance policy, money insurance policy, director and officer liability insurance policy.

Corporate Social Responsibility

We have adopted a corporate social responsibility (“CSR”) policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our journey toward sustainability is a testament to our commitment in responsible stewardship. We have made significant strides in reducing emissions and water intensity in our business. With a holistic approach to ESG, we have set several ambitious targets in environmental sustainability, social responsibility and governance. Our CSR approach focuses

on environmental sustainability, women’s empowerment, skill development, education and livelihood. Our CSR interventions consist of six pillars set forth below.

- *Sona Comstar – Samridh Bharat Program*: This programme seeks to support entrepreneurs and innovators with the aim of environmental sustainability, ecological balance and conservation of natural resources. The programme provides funding, resources, infrastructure, and expertise to help create innovative solutions. Under this program, we have made contributions for undertaking research and development projects related to air quality and recommendation to government on policy measures for combating pollution due to stubble burning which is one of the leading causes of pollution across Northern India. Furthermore, we have also made contributions to institutions, to support innovators in automotive domain through a dedicated program.
- *Sona Comstar – Swasth Bharat Program*: This programme promotes health education among socially disadvantaged groups, schoolchildren, and communities. This includes a focus on health care and nutrition through measures such as health outreach programs, health awareness programs, support in developing health care centers, women and child nutrition, promoting sanitation.
- *Sona Comstar – Surakshit Bharat Program*: This program aims to prioritise measures to ensure the welfare of armed forces veterans, war widows, and their dependents. Under this program, we have made contributions to organisations dedicated to assisting families of martyrs, war widows, disabled soldiers, and the children and dependents of the armed forces.
- *Sona Comstar – Saksham Bharat Program*: This program emphasizes the importance of water, sanitation, and hygiene in schools. Since 2015, we have been dedicated to supporting schools in Tamil Nadu in improving water, sanitation, and hygiene standards. Each year, we select and assist a few schools, and provide support to improve health and hygiene facilities.
- *Sona Comstar - Swachh Bharat Program*: This strives for environmental sustainability by promoting the reduction of waste, recycling, conserving natural resources, reducing pollution and protecting wildlife habitats through providing clean drinking water facilities in schools and educating on clean and safe waste disposal practices.
- *Sona Comstar - Stree Shakti Bharat Program*: This program focuses on female empowerment by promoting education and providing opportunities for employment while enhancing vocational skills.

In governance, we continue to transcend ethics and compliance to lay the foundation of a sustainable and resilient organisation.

Our accolades, including the ‘Great Place to Work’ certification and the Golden Peacock Award for excellence in corporate governance, underscore our relentless commitment to our environment and social responsibility.

Awards

The table below sets out the awards we have received for our various systems and components.

Year	Award	Presenter
2024	Gold Award in recognition of outstanding performance achieved in Fiscal Year 2023	Indian Tier-1 Supplier for CVs
2023	Supplier Excellence Award for 2022	North American OEM of PVs and CVs
2022	Industrial Innovation Award – Top 50 Innovative Companies	Confederation of Indian Industry
2022	Award for Best Quality Performance in Forgings - Platinum	Indian Tier 1 Supplier for CVs
2022	Overall Performance for the Year	Indian OEM of PVs
2022	Best in Class Quality, New Product Development & Delivery Performance	Global OEM of OHVs
2021	Best Supplier of the Year	Indian Tier 1 Supplier for CVs

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. However, our Company may appoint more than 15 Directors after passing a special resolution. As on the date of this Placement Document, our Board comprises eight Directors, including five Independent Directors (including two women independent directors), one Executive Director, and two Non-Executive Directors. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act 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, Nationality, Term, Period of Directorship and DIN	Age	Designation
<p>Sunjay Kapur</p> <p><i>Address:</i> 11, The Green, Rajokri, New Delhi 110 038, India</p> <p><i>Occupation:</i> Businessman</p> <p><i>Nationality:</i> National of the United States of America</p> <p><i>Term:</i> With effect from July 5, 2019 and not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since August 22, 2006</p> <p><i>DIN:</i> 00145529</p>	52 years	Chairman and Non-Executive Director
<p>Vivek Vikram Singh</p> <p><i>Address:</i> Villa No 71, The Palm Springs, Golf Course Road, opp. Hotel Ibis, Sector 54, Gurugram, Haryana</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five Years with effect from July 5, 2022 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since July 5, 2019</p> <p><i>DIN:</i> 07698495</p>	45 years	Managing Director and Group Chief Executive Officer
<p>Amit Dixit</p> <p><i>Address:</i> The Imperial, Flat no. 2102, South Tower, B.B. Nakashe Marg, Tardeo, Mumbai 400 034, Maharashtra, India</p> <p><i>Occupation:</i> Investor</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship:</i> Director since July 5, 2019</p> <p><i>Term:</i> With effect from July 5, 2019 and liable to retire by rotation</p> <p><i>DIN:</i> 01798942</p>	51 years	Non-Executive Director
<p>Manisha Girotra</p> <p><i>Address:</i> 41 Chitrakoot, Altamount Road, Mumbai 400 026, Maharashtra, India</p>	55 years	Independent Director

Name, Address, Occupation, Nationality, Term, Period of Directorship and DIN	Age	Designation
<p><i>Occupation:</i> Investment Banker</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship:</i> Director since January 1, 2024</p> <p><i>Term:</i> Five years with effect from January 1, 2024</p> <p><i>DIN:</i> 00774574</p>		
<p>Shradha Suri</p> <p><i>Address:</i> N-101, Panchsheel Park, New Delhi 110 017, India</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship:</i> Director since August 5, 2020</p> <p><i>Term:</i> Five years with effect from August 5, 2020</p> <p><i>DIN:</i> 00176902</p>	46 years	Independent Director
<p>Jeffrey Mark Overly</p> <p><i>Address:</i> 103, College Drive, Davidson, North Carolina, United States 28036</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> National of the United States of America</p> <p><i>Period of Directorship:</i> Director since February 12, 2021</p> <p><i>Term:</i> Five years with effect from February 12, 2021</p> <p><i>DIN:</i> 09041143</p>	66 years	Independent Director
<p>Prasan Abhaykumar Firodia</p> <p><i>Address:</i> Sanmitra, 132-B, Ganeshkhind Road, Pune 411 007, Maharashtra, India</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship:</i> Director since January 27, 2021</p> <p><i>Term:</i> Five years with effect from January 27, 2021</p> <p><i>DIN:</i> 00029664</p>	45 years	Independent Director
<p>Pradip Manilal Kanakia</p> <p><i>Address:</i> B-901/1001 Salarpuria Silverwoods, Varthur Road, CV Raman Nagar, Behind Big Bazaar (old Madras Road), Bengaluru 560 093, Karnataka, India</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship:</i> Director since July 1, 2024</p>	64 years	Independent Director

Name, Address, Occupation, Nationality, Term, Period of Directorship and DIN	Age	Designation
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Term: Five years with effect from July 1, 2024

DIN: 00770347

Brief Profiles of Directors

Sunjay Kapur is our Chairman and Non-Executive Director. He is also a director on the board of Raghuvanshi Investment Private Limited, Aureus Investment Private Limited, Indian Public Schools Society, Jindal Steel & Power Limited, B R S Finance and Investment Company Private Limited and Osborne Agri Company Private Limited.

Vivek Vikram Singh is our Managing Director and Group Chief Executive Officer. He is also a director on the board of Ennovi Holdings Pte. Ltd. (formerly known as Interplex Holdings Pte. Ltd.), Ionesco Cayman Investment Limited and Ionesco Cayman Limited.

Amit Dixit is a Non-Executive Director on our Board. He is also a director on the board of EPL Limited (formerly known as Essel Propack Limited), Mphasis Limited, Blackstone Advisors India Private Limited, Aadhar Housing Finance Limited, VFS Global AG, TU TopCo Inc., TU MidCo Inc., TU BidCo Inc. and ASK Investment Managers Limited.

Manisha Girotra is an Independent Director on our Board. She is also a director on the board of K Raheja Corp Investment Managers Private Limited, Ashok Leyland Limited, Naspers Limited, Prosus N.V. and Moelis & Company India Private Limited.

Shradha Suri is an Independent Director on our Board. She is also a director on the board of Subros Limited, Globalydk Electric Private Limited, R R Holdings Private Limited, Rohan Motors Limited, Automotive Component Manufacturers Association of India, Asahi India Glass Limited and Prima Infratech Private Limited.

Jeffrey Mark Overly is an Independent Director on our Board. He is on the board of Performance Food Group, Packer Sanitation Services Incorporated, Sabre Industries, Inc, Comstar Automotive USA LLC and Supply One, Inc.

Prasan Abhaykumar Firodia is an Independent Director on our Board. He is also a director on the board of Force Motors Limited, Jaya Hind Industries Private Limited, Jaya Hind Montupet Private Limited, Jaya Hind Investments Private Limited, AAPF One Act Kinder Foundation, Force MTU Power Systems Private Limited and Jaya Hind International B.V. (Netherlands).

Pradip Manilal Kanakia is an Independent Director on our Board. He is also a director on the board of Britannia Industries Limited, Torrent Gas Limited, Vijash Life Sciences Private Limited, Healthcare Global Enterprises Limited, JM Financial Limited*, Symed Labs Limited and Camlin Fine Sciences Limited.

** Pradip Manilal Kanakia is also a director of JM Financial Limited and accordingly, JM Financial Limited is deemed to be an "associate" of our Company pursuant to Regulation 21A of the SEBI Merchant Banking Regulations. In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Banking Regulations, read with Regulation 174(2) of the SEBI ICDR Regulations, JM Financial Limited shall be involved only in the marketing of the Issue.*

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of our Board

As per Section 180(1)(c) of the Companies Act, our Board is authorized to borrow money and create charge and/or pledge, mortgage, hypothecate on its properties, as permissible, within the overall limits prescribed under Section 180(1)(c) read with Section 180(1)(a) of the Companies Act.

Interest of our Directors

- (a) 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 184.
- (b) Except for Sunjay Kapur, who is one of our Promoters, none of our Directors have any interest in the promotion or formation of our Company.
- (c) None of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company.
- (d) Further, none of our Directors has any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.
- (e) No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested as a member, by any person, either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.
- (f) Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends and other distributions in respect of such Equity Shares), held by the entities in which they are associated, directly or indirectly, as promoters, directors, partners, proprietors or trustees or held by their relatives. Certain of our Directors may be deemed to be interested to the extent of options granted to them pursuant to ESOP 2020 and ESOP 2023.
- (g) No loans have been availed by our Directors from our Company.

Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any qualification shares. Except as disclosed below, none of our Directors hold any Equity Shares as on the date of this Placement Document:

Name	Designation	Number of Equity Shares	Percentage of the issued and paid-up Equity Share capital (%)
Vivek Vikram Singh	Managing Director and Group Chief Executive Officer	303,000	0.05
Shradha Suri	Independent Director	145	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 dated May 3, 2023, (A) our Independent Directors are entitled to the sitting fees of (a) ₹ 0.02 million for attending each meeting of our Board and (b) ₹ 0.01 million for attending each meeting of other board committees of our Company; and (B) (a) all independent directors (except Jeffrey Mark Overly) are entitled to a commission of ₹ 5.50 million for each Fiscal, and (b) Jeffrey Mark Overly is entitled to a commission of \$ 0.10 million for each Fiscal.

The table below sets forth the remuneration paid to our Managing Director and Group Chief Executive Officer from April 1, 2024 to the date of this Placement Document and the last three Fiscals:

(₹ in million)

Name	Designation	Period from April 1, 2024 to the date of this Placement Document	Fiscal 2024 (₹)	Fiscal 2023 (₹)	Fiscal 2022 (₹)
Vivek Singh	Vikram Singh Managing Director and Group Chief Executive Officer	31.32	61.43	38.10	44.37

The table below sets forth the details of the remuneration (including sitting fees and commission) paid to our Non-Executive Directors, including our Independent Directors from April 1, 2024 to the date of this Placement Document and the last three Fiscals:

(₹ in million)

Name	Designation	Period from April 1, 2024 to the date of this Placement Document	Fiscal 2024 (₹)	Fiscal 2023 (₹)	Fiscal 2022 (₹)
Sunjay Kapur	Chairman and Non-Executive Director	10.00	24.00	24.00	24.00
Amit Dixit	Non – Executive Director	Nil	Nil	Nil	Nil
Manisha Girotra	Independent Director	0.06	1.45	NA ⁽¹⁾	NA ⁽¹⁾
Shradha Suri	Independent Director	0.06	5.70	1.10	0.63
Jeffrey Mark Overly	Independent Director	0.18	8.58	8.20	7.52
Prasan Abhaykumar Firodia	Independent Director	0.08	5.86	0.70	0.45
Pradip Manilal Kanakia	Independent Director	0.06	NA ⁽²⁾	NA ⁽²⁾	NA ⁽²⁾

⁽¹⁾ Appointed in Fiscal 2024.

⁽²⁾ Appointed in Fiscal 2025.

Corporate Governance

Our Company is in compliance with the requirements of applicable law, including the Companies Act and the SEBI Listing Regulations in respect of corporate governance, including constitution of our Board and committees thereof.

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act 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	Pradip Manilal Kanakia (<i>Chairperson</i>)
	Prasan Abhaykumar Firodia (<i>Member</i>)
	Jeffrey Mark Overly (<i>Member</i>)
Nomination and Remuneration Committee	Jeffrey Mark Overly (<i>Chairperson</i>)
	Amit Dixit (<i>Member</i>)
	Sunjay Kapur (<i>Member</i>)
	Prasan Abhaykumar Firodia (<i>Member</i>)
	Shradha Suri (<i>Member</i>)
Stakeholders' Relationship Committee	Manisha Girotra (<i>Member</i>)
	Prasan Abhaykumar Firodia (<i>Chairperson</i>)
	Jeffrey Mark Overly (<i>Member</i>)
Risk Management Committee	Vivek Vikram Singh (<i>Member</i>)
	Jeffrey Mark Overly (<i>Chairperson</i>)
	Sunjay Kapur (<i>Member</i>)
	Vivek Vikram Singh (<i>Member</i>)

Committee	Name and Designation of the Members
Corporate Social Responsibility Committee	Manisha Girotra (<i>Member</i>)
	Prasan Abhaykumar Firodia (<i>Chairperson</i>)
	Shradha Suri (<i>Member</i>)
	Sunjay Kapur (<i>Member</i>)
	Manisha Girotra (<i>Member</i>)

Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

In addition to Vivek Vikram Singh, our Managing Director and Group Chief Executive Officer, the details of our other Key Managerial Personnel in terms of the Companies Act and the SEBI ICDR Regulations, as on the date of this Placement Document, are set out below:

Rohit Nanda is the Group Chief Financial Officer of our Company. He joined our Company on April 11, 2019. He is responsible for, among others, capital allocation, financial reporting and investment decisions in our Company.

Ajay Pratap Singh is the Vice President (Legal), Company Secretary and Compliance Officer of our Company. He joined our Company on February 24, 2020. He is responsible for leading the secretarial functions and legal portfolio of our Company.

Members of the Senior Management

All of our members of Senior Management are permanent employees of our Company.

In addition to Vivek Vikram Singh, our Managing Director and Group Chief Executive Officer, Rohit Nanda, our Group Chief Financial Officer and Ajay Pratap Singh, our Vice President (Legal), Company Secretary and Compliance Officer, the details of our other members of Senior Management in terms of the SEBI ICDR Regulations, as on the date of this Placement Document, are set out below:

Sr No.	Name	Designation
1.	Sat Mohan Gupta	Chief Executive Officer of Motor Business
2.	Kiran Manohar Deshmukh	Group Chief Technical Officer and Group Head – Corporate Social Responsibility
3.	Vadapalli Vikram Verma	Chief Executive Officer of Driveline Business
4.	Amit Mishra	Head of Investor Relations

Shareholding of our Key Managerial Personnel and Senior Management

Except as disclosed below and above in “– *Shareholding of our Directors*” on page 184, 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	Designation	Number of Equity Shares	Percentage of the issued and paid-up Equity Share capital (%)
Ajay Pratap Singh	Vice President (Legal), Company Secretary and Compliance Officer	15,768	Negligible
Sat Mohan Gupta	Chief Executive Officer of Motor Business	236,843	0.04
Vadapalli Vikram Verma	Chief Executive Officer of Driveline Business	340,000	0.05
Kiran Manohar Deshmukh	Group Chief Technology Officer and Group Head – Corporate Social Responsibility	42,576	Negligible

Relationship amongst our Key Managerial Personnel and Senior Management and Directors

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 183, 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, ESOP options granted to them 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.

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 45.

Other confirmations

None of the Promoters, Directors, 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 Promoters, 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 Promoters have been declared as a Wilful Defaulter or Fraudulent Borrower as defined under SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI.

None of our Directors or Promoters have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

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 the “*Code of Conduct for Prevention of Insider Trading*” and 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 and which are available on our website at <https://sonacomstar.com/policies-and-codes>. In terms of the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, the chief financial officer or the compliance officer of our Company shall act as the ‘*Chief Investor Relations Officer*’ of our Company under the aforesaid code of conduct for the prevention of insider trading.

ORGANIZATIONAL STRUCTURE

Corporate History

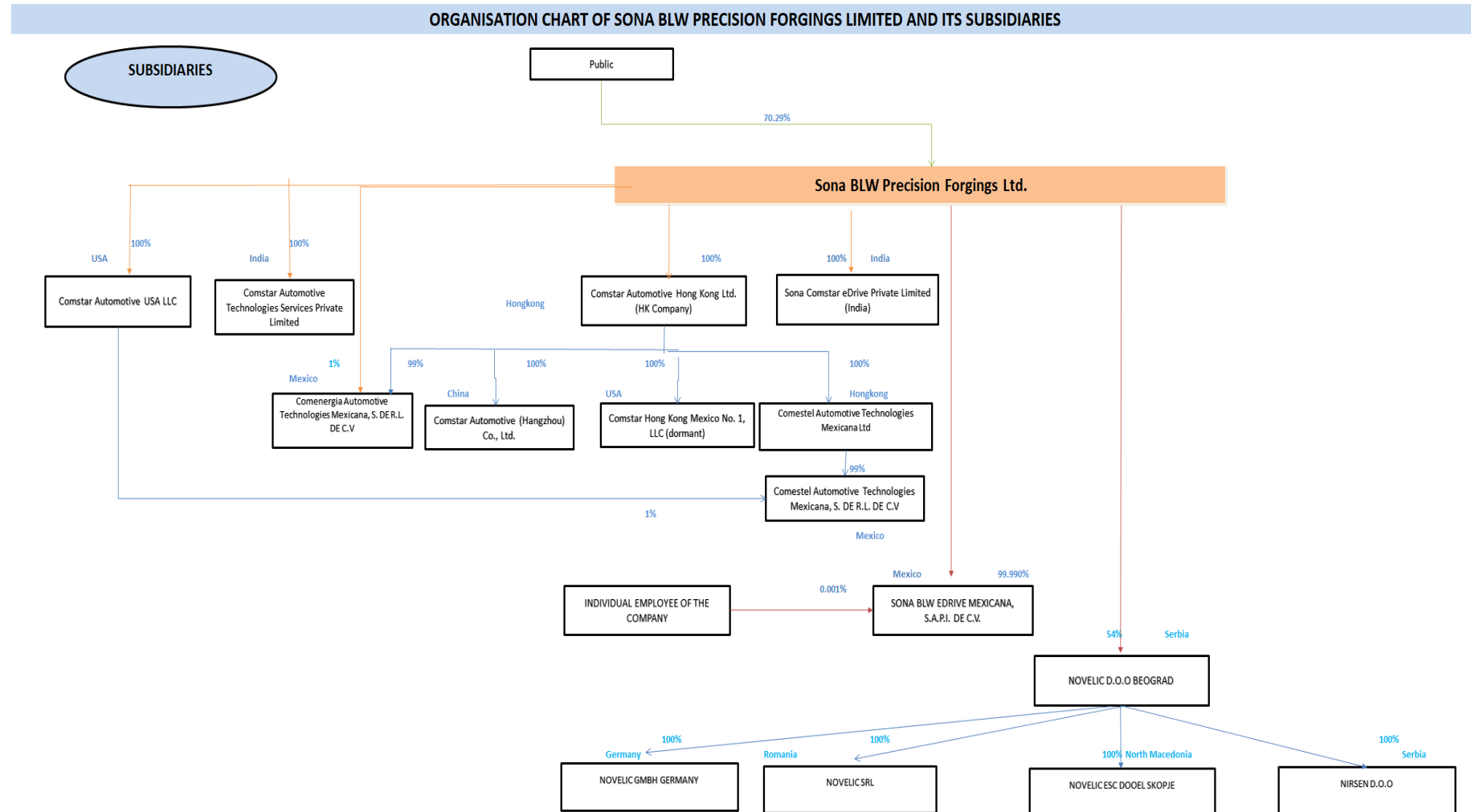
Our Company was originally incorporated as “*Sona Okegawa Precision Forgings Limited*” at New Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated October 27, 1995, issued by the RoC and commenced operations pursuant to the certificate of commencement of business dated November 16, 1995, issued by the RoC. The name of our Company was changed to “*Sona BLW Precision Forgings Limited*” as approved by our shareholders by way of a resolution dated June 28, 2013, and a fresh certificate of incorporation dated July 23, 2013, consequent upon change of name was issued by the RoC.

The CIN of our Company is L27300HR1995PLC083037.

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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 15 Subsidiaries, brief details of which are set forth below:

1. Comstar Automotive Technology Services Private Limited (“CATSPL”)

CATSPL was incorporated on November 12, 2012 validly existing under the Companies Act, 1956. Its CIN is U31501TN2012PTC088468 and its registered office is located at Keelakaranai Village, Malrosapuram Post Maraimalai Nagar, Chengalpattu, Kancheepuram 603 204, Tamil Nadu, India

As of the date of this Placement Document, the authorized share capital of CATSPL is ₹ 20,000,000 divided into 2,000,000 equity shares of ₹ 10 each. The issued and subscribed share capital of CATSPL is ₹ 13,00,000 divided into 130,000 shares of nominal value of ₹ 10 each.

Our Company (including through its nominees) holds 130,000 equity shares of ₹ 10 each in CATSPL, which is equivalent to 100% of issued and paid-up share capital of CATSPL.

2. Sona Comstar eDrive Private Limited (“SCDPL”)

SCDPL was incorporated on November 12, 2020, validly existing under the Companies Act, 2013. Its CIN is U34100HR2020PTC090921 and its registered office is located at Sona Enclave, Village Begumpur, Khatola, Gurugram 122 004, Haryana, India.

As of the date of this Placement Document, the authorized share capital of SCDPL is ₹ 15,000,000 divided into 1,500,000 equity shares of ₹ 10 each. The issued and subscribed share capital of SCDPL is ₹ 15,000,000 divided into 1,500,000 shares of nominal value of ₹ 10 each.

Our Company (including through its nominees) holds 15,000,000 equity shares of ₹ 10 each in SCDPL, which is equivalent to 100% of the issued and paid-up share capital of SCDPL.

3. Comstar Automotive USA LLC (“CAUL”)

CAUL was incorporated on October 9, 2012 validly existing under the Delaware Limited Liability Company as amended (the LLC Act). Its registered office is located at Plant Address: 900, Industrial Drive, Tecumseh, MI-49286-970.

As of the date of this Placement Document, the issued and paid-up share capital of CAUL is \$ 250,000 divided into 250,000 shares of nominal value of \$ 1 each.

Our Company holds 250,000 equity shares of \$ 1 each in CAUL, which is equivalent to 100% of the issued and paid-up share capital of CAUL.

4. Comstar Automotive Hong Kong Limited (“Comstar Automotive HK”)

Comstar Automotive HK was incorporated on May 21, 2015, validly existing under the laws of Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Its registered office is located at Unit 1803, 18/F, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

As of the date of this Placement Document, the paid-up share capital of Comstar Automotive HK is 1,878,801 equity shares of \$ 1 each.

Our Company holds 1,878,801 equity shares of \$ 1 each in Comstar Automotive HK, which is equivalent to 100% of the paid-up share capital of Comstar Automotive HK.

5. Comestel Automotive Technologies Mexicana Limited (“CATML”)

CATML was incorporated on October 9, 2017 validly existing under the laws of Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Its registered office is located at Unit 1803, 18/F, Stelux House,

698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

As of the date of this Placement Document the paid-up share capital of CATML is 100 equity shares of \$ 1 each.

Our Company, through its subsidiary, Comstar Automotive HK, holds 100 equity shares of \$ 1 each in CATML, which is equivalent to 100% of the paid-up share capital of CATML.

6. Comstar Automotive (Hangzhou) Co. Ltd. (“CAHCL”)

CAHCL was incorporated on August 27, 2015 under the “Foreign Investment Enterprise Law of the People’s Republic of China”, “Company Law of the People’s Republic of China” and relevant laws and regulations as applicable in China. Its registered office is located at Building #4, No 557-1 Gaotang Road, Guali Xiaoshan district, Hangzhou City, Zhejiang Province, China

As of the date of this Placement Document, the authorized share capital of CAHCL is \$ 2,740,000. The issued and subscribed share capital of CAHCL is \$ 2,339,990.

Our Company, through its subsidiary, Comstar Automotive HK, is the owner of the share worth amount \$ 2,339,990 in CAHCL, which is equivalent to 100% of the issued and subscribed share capital of CAHCL.

7. Comstar Hongkong Mexico No. 1 LLC (“CHM”)

CHM was incorporated on December 1, 2016, validly existing under the Delaware Limited Liability Company, as amended (the Delaware LLC Act). Its registered office is located at Plant Address: 840 West Long Lake Road, Suit 150, Tray, Michigan 48098.

As of the date of this Placement Document, the authorized, issued and paid-up share capital of CHM is 10 (ten) shares at a face value of \$ 1 each.

Our Company, through its subsidiary, Comstar Automotive HK, holds 10 equity shares of \$ 1 each in CHM, which is equivalent to 100% of the issued and paid-up share capital of CHM.

8. Sona BLW Edrive Mexicana, S.A.P.I. De C.V. (“Sona BLW Edrive”)

Sona BLW Edrive was incorporated pursuant to public deed number 148,637, dated as of June 23, 2023, with corporate domicile at the Municipality of Silao de la Victoria, State of Guanajuato. Its registered office is located at Carretera Mexico Toluca 5631, Office 230, Cuajimalpa De Morelos, 05000, Mexico City.

As of the date of this Placement Document, the fixed capital stock of Sona BLW Edrive is 50,000 Mexican Pesos and the variable stock is 19,505,275 Mexican Pesos.

Our Company holds a fixed capital stock of 49,999 Mexican Pesos and variable stock of 19,505,275 Mexican Pesos in Sona BLW Edrive, which is equivalent to 100% of the paid-up share capital of Sona BLW Edrive.

9. Novelic d.o.o. Beograd - Zvezdara (“Novelic Zvezdara”)

Novelic Zvezdara was incorporated on November 19, 2012, validly existing under the laws of Serbia. Its registered office is located at 54, Veljka Dugosevica Street, Zvezdara, Belgrade, Serbia.

As of the date of this Placement Document, the registered share capital of Novelic Zvezdara is RSD 49.629.770,00.

Our Company holds 54% of the voting rights in the share capital of Novelic Zvezdara.

10. Novelic D.O.O. SRL (“Novelic”)

Novelic was incorporated on March 29, 2023 validly existing under the laws of Romania. Its registered office is located at Bucuresti Sectorul 2, Str. Doamna Ghica no. 83, Bloc 63, Floor 9, Apartment no.83.

As of the date of this Placement Document, the registered share capital of Novellic is EUR 101,56.

Our Company, through its subsidiary, Novellic Zvezdara, holds 54% of the voting rights in the share capital of Novellic.

11. Novellic ESC (“Novellic ESC”)

Novellic ESC was incorporated on March 24, 2023 validly existing under the laws of North Macedonia. Its registered office is located at Bulevar Partizanski Odredi 63, Skopje, North Macedonia.

As of the date of this Placement Document, the registered share capital of Novellic ESC is EUR 5.000,00.

Our Company, through its subsidiary, Novellic Zvezdara, holds 54% voting rights in Novellic ESC.

12. Nirsen d.o.o. Beograd-Zvezdara (“Nirsen”)

Nirsen was incorporated was incorporated on February 1, 2021, validly existing under the laws of Serbia. Its registered office is located at Dusana Popovica 7, Belgrade, Serbia.

As of the date of this Placement Document, the registered share capital of Nirsen is RSD 12.000,00.

Our Company, through its subsidiary, Novellic Zvezdara, holds 54% voting rights in Nirsen.

13. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V (“CATMS”)

CATMS was incorporated on January 17, 2017, validly existing under "*Ley General de Sociedades Mercantiles*" or the General law of Commercial Companies in conformity with Mexican Legislation. Its registered office is situated at Logistica Integral del Bajio, Warehouses 1 and 3 of Iraupato Street, No. 204, Corner with Salamanca Street, Fraccionamiento Ciudad Industrial C.P. 36541, Irapuato, Guanajuato, Mexico 36541.

As of the date of this Placement Document, the issued and subscribed share capital of CATMS is Mexican Pesos 20,000 divided into 100 shares at a face value of Mexican Pesos 200 each.

Our Company, through its subsidiary, Comstar Automotive HK, holds Mexican Pesos 20,000 divided into 100 shares at a face value of Mexican Pesos 200 each, which is equivalent to 100% of the issued and subscribed share capital of CATMS.

14. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (“CATM”)

CATM was incorporated on January 17, 2017, validly existing under "*Ley General de Sociedades Mercantiles*" or the General law of Commercial Companies in conformity with Mexican Legislation. Its registered office is located at Logistica Integral del Bajio, Warehouses 1 and 3 of Iraupato Street, No. 204, Corner with Salamanca Street, Fraccionamiento Ciudad Industrial C.P. 36541, Irapuato, Guanajuato, Mexico 36541.

As of the date of this Placement Document, the issued and paid-up share capital of Comestel Mx is Mexican Pesos 32,496,785.

Our Company, through its subsidiaries, CATML and CAUL, holds 32,496,785 equity shares in Comestel HK, which is equivalent to 100% of the issued and paid-up share capital of CATM.

15. Novellic GmbH (“Novellic GmbH”)

Novellic GmbH was incorporated on June 20, 2024, validly existing under the laws of Germany. Its registered office is located at Moosacher Strasse 82, 80809 Munich, Germany.

As of the date of this Placement Document, the authorized share capital of Novellic GmbH is EUR 25.000,00.

Our Company, through its subsidiary, Novellic Zvezdara, holds 54% voting rights in Novellic GmbH.

Joint ventures

As on the date of this Placement Document, our Company does not have any joint ventures.

Associates

As on the date of this Placement Document, our Company has two associates, Clean Max Calypso Private Limited and Clean Max Nova Private Limited.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on June 30, 2024, is set forth below:

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 dematerialized 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	6	174,210,655	0	0	174,210,655	29.71	174,210,655	0	174,210,655	29.71	0	29.71	0	0.00	423.00	0.00	174,210,655
(B)	Public	424,890	412,249,891	0	0	412,249,891	70.29	412,249,891	0	412,249,891	70.29	0	70.29	0	0.00	NA	NA	412,249,889
(C)	Non Promoter - Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(C1)	Shares Underlying DRs	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total	424,896	586,460,546	0	0	586,460,546	100.00	586,460,546	0	21,128,311	100.00	0	100.00	0	0.00	423.00	0.00	586,460,544

Statement showing shareholding pattern of the Promoters and Promoter Group

Category & Name of the shareholders	Entity Type	Nos. of share holders	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 dematerialized form	
								Class eg: X	Class eg: Y	Total			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)
(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)					
1 Indian																		
(a) Individuals / Hindu Undivided Family		3	935	0	0	935	0.00	935	0	935	0.00	0	0.00	0	0	42 3.0 0	45.24	935
Ashok Sachdev	Promoter Group	1	151	0	0	151	0.00	151	0	151	0.00	0	0.00	0	0	0	0.00	151
Jasbir Sachdev	Promoter Group	1	361	0	0	361	0.00	361	0	361	0.00	0	0.00	0	0	0	0.00	361
Charu Sachdev	Promoter Group	1	423	0	0	423	0.00	423	0	423	0.00	0	0.00	0	0	42 3.0 0	100.00	423
(b) Central Government / State Government (s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0.00	0
(c) Financial Institutions / Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0.00	0
(d) Any Other (Specify) Bodies Corporate		3	174,209,720	0	0	174,209,720	29.71	174,209,720	0	174,209,720	29.71	0	29.71	0	0	0	0.00	174,209,720
Aureus Investment Private Limited	Promoter	1	174,208,904	0	0	174,208,904	29.71	174,208,904		174,208,904	29.71	0	29.71	0	0	0	0.00	174,208,904
Raghuvanshi Investment Private Limited	Promoter Group	1	744	0	0	744	0.00	744		744	0.00	0	0.00	0	0.00	0	0.00	744

Category & Name of the shareholders	Entity Type	Nos. of share holders	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 dematerialized form	
								Class eg: X	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: Y	Class								
Trusts		1	72	0	0	72	0.00	72	72	0.00	0	0.00	0	0.00	0	0.00	72	
Rani Kapur – RK Family Trust	Promoter Group	1	72	0	0	72	0.00	72	72	0.00	0	0.00	0	0.00	0	0.00	72	
Sub Total (A)(1)		6	174,210,655	0	0	174,210,655	29.71	174,210,655	0	29.71	0	0.00	0	0.00	0	0.00	174,210,655	
2 Foreign																		
(a) Individuals (Non-Resident Individuals / Foreign Individuals)		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(b) Government		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(c) Institutions		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(d) Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(e) Any Other (Specify)		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
Bodies Corporate		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
Singapore VII Topco III Private Limited	Promoter	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
Sub Total (A)(2)		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
Total Shareholding of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		6	174,210,655	0	0	174,210,655	29.71	174,210,655	0	29.71	0	0.00	0	0.00	0	0.00	174,210,655	

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 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 dematerialized form	Sub-categorization of shares			
							No. of 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)		Shareholding Sub-category(i)	(No. of shares) under		
																		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	24	135,706,759	0	0	135,706,759	23.14	135,706,759	0	1,357,06,759	23.14	0	23.14	0	0.00	NA	NA	1,357,06,759	0	0	0
Aditya Birla Sun Life Trustee Private Limited	1	6,329,253	0	0	6,329,253	1.08	6,329,253	0	6,329,253	1.08	0	1.08	0	0.00	NA	NA	6,329,253	0	0	0
Canara Robeco Mutual Fund	1	9,376,372	0	0	9,376,372	1.60	9,376,372	0	9,376,372	1.60	0	1.60	0	0.00	NA	NA	9,376,372	0	0	0
HDFC Mutual Fund	1	6,041,936	0	0	6,041,936	1.03	6,041,936	0	6,041,936	1.03	0	1.03	0	0.00	NA	NA	6,041,936	0	0	0
Nippon Life India Trustee Limited	1	6,304,570	0	0	6,304,570	1.08	6,304,570	0	6,304,570	1.08	0	1.08	0	0.00	NA	NA	6,304,570	0	0	0
SBI ESG Exclusionary Strategy Fund	1	36,566,916	0	0	36,566,916	6.24	36,566,916	0	36,566,916	6.24	0	6.24	0	0.00	NA	NA	36,566,916	0	0	0
Axis Mutual Fund Trustee Limited	1	37,900,198	0	0	37,900,198	6.46	37,900,198	0	37,900,198	6.46	0	6.46	0	0.00	NA	NA	37,900,198	0	0	0
Mirae Asset Nifty India	1	14,576,772	0	0	14,576,772	2.49	14,576,772	0	14,576,772	2.49	0	2.49	0	0.00	NA	NA	14,576,772	0	0	0
(b) Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c) Alternate Investment Funds	17	3,685,745	0	0	3,685,745	0.63	3,685,745	0	3,685,745	0.63	0	0.63	0	0.00	NA	NA	3,685,745	0	0	0
(d) Banks	3	64,294	0	0	64,294	0.01	64,294	0	64,294	0.01	0	0.01	0	0.00	NA	NA	64,294	0	0	0
(e) Insurance Companies	14	30,155,788	0	0	30,155,788	5.14	30,155,788	0	30,155,788	5.14	0	5.14	0	0.00	NA	NA	30,155,788	0	0	0
ICICI Prudential Life Insurance Company Limited	1	6,216,010	0	0	6,216,010	1.06	6,216,010	0	6,216,010	1.06	0	1.06	0	0.00	NA	NA	6,216,010	0	0	0
Life Insurance Corporation of India	1	9,488,833	0	0	9,488,833	1.62	9,488,833	0	9,488,833	1.62	0	1.62	0	0.00	NA	NA	9,488,833	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 dematerialized 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)					
(f) Provident Funds/ Pension Funds	1	3,423,999	0	0	3,423,999	0.58	3,423,999	0	34,23,999	0.58	0	0.58	0	0.00	NA	NA	3,423,999			
(G) Asset Reconstruction Companies	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(h) Sovereign Wealth Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(i) NBFCs registered with RBI	4	6,793	0	0	0	0.00	0.00	0	6,793	0.00	0	0.00	0	0.00	NA	NA	6,793			
(j) Other Financial Institutions	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(k) Any Other (Specify)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
Sub Total (B)(1)	63	173,043,378	0	0	173,043,378	29.51	173,043,378	0	173,043,378	29.51	0	29.51	0	0.00	NA	NA	173,043,378	0	0	0
2 Institutions (Foreign)											0	0	0.00							
(a) Foreign Direct Investment	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(b) Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(c) Sovereign Wealth Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(d) Foreign Portfolio Investors Category I	543	182,644,836	0	0	182,644,836	31.14	182,644,836	0	182,644,836	31.14	0	31.14	0	0.00	NA	NA	182,644,836	0	0	0
Government of Singapore	1	37,093,999	0	0	37,093,999	6.33	37,093,999	0	37,093,999	6.33	0	6.33	0	0.00	NA	NA	37,093,999			
Monetary Authority of Singapore	1	9,005,899	0	0	9,005,899	1.54	9,005,899	0	9,005,899	1.54	0	1.54	0	0.00	NA	NA	9,005,899			
(e) Foreign Portfolio Investors Category II	28	5,213,852	0	0	5,213,852	0.89	5,213,852	0	5,213,852	0.89	0	0.89	0	0.00	NA	NA	5,213,852	0	0	0
(f) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
(g) Any Other (Specify)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0			
Sub Total (B)(2)	571	187,858,688	0	0	187,858,688	32.03	187,858,688	0	187,858,688	32.03	0	32.03	0	0.00	NA	NA	187,858,688	0	0	0
3 Central Government/ State Government(s)																				

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 dematerialized 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)				
(a) Central Government / President of India	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
(b) State Government / Governor	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
(C) Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
Sub Total (B)(3)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
4 Non-Institutions		0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
(a) Associate companies / Subsidiaries	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
(b) Directors and their relatives (excluding Independent Directors and nominee Directors)	1	303,000	0	0	303,000	0.05	303,000	0	303,000	0.05	0	0.05	0	0.00	NA	NA	303,000				
(C) Key Managerial Personnel	1	15,768	0	0	15,768	0.00	15,768	0	15,768	0.00	0	0.00	0	0.00	NA	NA	15,768	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	0.00	0	0	0	0.00	0	0.00	0	0.00	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	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0				
(f) Investor Education and Protection Fund (IEPF)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	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 dematerialized 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	Sub-category (ii)
(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)				
(g) i. Resident Individual holding nominal share capital up to ₹0.2 million.	411,294	4,03,55,221	0	0	4,03,55,221	6.88	4,03,55,221	0	4,03,55,221	6.88	0	0.00	NA	NA	4,03,55,219	0	0	0	
(h) ii. Resident individual holding nominal share capital in excess of ₹0.2 million.	47	30,41,163	0	0	3,041,163	0.52	3,041,163	0	3,041,163	0.52	0	0.00	NA	NA	3,041,163	0	0	0	
(i) Non Resident Indians (NRIs)	6,854	2,476,545	0	0	2,476,545	0.42	2,476,545	0	2,476,545	0.42	0	0.00	NA	NA	2,476,545	0	0	0	
(j) Foreign Nationals	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	NA	NA	0	0	0	0	
(k) Foreign Companies	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	NA	NA	0	0	0	0	
(l) Bodies Corporate	1,137	4,170,019	0	0	4,170,019	0.71	4,170,019	0	4,170,019	0.71	0	0.00	NA	NA	4,170,019	0	0	0	
(m) Any Other (Specify)	4,922	986,109	0	0	986,109	0.17	986,109	0	986,109	0.17	0	0.00	NA	NA	986,109	0	0	0	
Trusts	9	8,256	0	0	8,256	0.00	8,256	0	8,256	0.00	0	0.00	NA	NA	8,256	0	0	0	
Hindu Undivided Family	4,908	976,572	0	0	976,572	0.17	976,572	0	976,572	0.17	0	0.00	NA	NA	976,572	0	0	0	
Clearing Member	5	1,281	0	0	1,281	0.00	1,281	0	1,281	0.00	0	0.00	NA	NA	1,281	0	0	0	
Sub Total (B)(4)	424,256	51,347,825	0	0	5,13,47,825	8.76	51,347,825	0	51,347,825	8.76	0	0.00	NA	NA	51,347,825	0	0	0	
Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)+(B)(4)	424,890	412,249,891	0	0	412,249,891	70.29	412,249,891	0	412,249,891	70.29	0	0.00	NA	NA	412,249,889	0	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 Deposit	Total nos. shares held	Shareholding % calculated as per SCRR,	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities	Shareholding, as a % assuming full conversion of convertible securities (as	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
							No of Voting Rights Class eg: X	Class eg: y	Total as a % of			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	

				ory Receipts		1957 As a % of (A+B+C 2)		(A+B+C)	(including Warrants)	a percentage of diluted share capital)	Shares held(b)							
(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C 2)	(IX)		(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)					
1	Custodian/DR Holder	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	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	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		NA	0
	Total Non- Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	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 Book Running Lead Managers. Bidders that applied in the Issue were required to confirm and have been deemed to have represented to our Company, the Book Running Lead Managers 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. Our Company, the Book Running Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see “Selling Restrictions” and “Transfer Restrictions and Purchaser Representations” beginning on pages 219 and 227, respectively.

Our Company, the Book Running Lead Managers 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 through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs provided that certain conditions are met by us. 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 our Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the 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;
- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;
- our Company shall have completed allotments with respect to any earlier offer or invitation made by our Company or shall have withdrawn or abandoned such invitation or offer, made by our Company, except as permitted under the Companies Act. However, subject to the limits prescribed under the applicable law, our Company 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), our Company 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 our Company prior to the invitation to subscribe;
- our Company acknowledges that the offering of securities by issue of public advertisements or utilization 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 Promoters and Directors of our Company are not Fugitive Economic Offenders;
- 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 our Company are not declared as Fraudulent Borrower and Wilful Defaulters.

At least 10.00% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise 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. However, our Company has offered a discount of ₹ 9.01, being equivalent to a discount of 1.29% on the Floor Price, which is not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution dated September 9, 2024 and in terms of Regulation 176(1) 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 authorized by the board of the Issuer decides to open the Issue and “Stock Exchange” means any of the recognized stock exchanges in India on which the Equity Shares of the Issuer of the same class are listed and on which the highest trading volume in such 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 August 30, 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 do not receive 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 not be less than:

- two, where the issue size is less than or equal to ₹2,500 million; and
- five, where the issue size is greater than ₹2,500 million.

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 209.

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 recognized stock exchange.

We have received the in-principle approvals 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 September 4, 2024. We have filed a copy of the Preliminary Placement Document and 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 and the PAS Rules.

The Issue has been authorized and approved by our Board on July 24, 2024 and our Shareholders by way of a special resolution on August 30, 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”, 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 occur; and (ii) within the United States only to U.S. QIBs and in transactions exempt from the registration requirements 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*” beginning on pages 219 and 227, 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 Book Running Lead Managers, 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, 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, this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act and the PAS Rules.

2. **The list of Eligible QIBs to whom the Preliminary Placement Document, this Placement Document and the Application Form was delivered was determined by our Company in consultation with the Book Running Lead Managers, 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 is 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 shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB was authorized 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 Book Running Lead Managers.
4. Eligible QIBs 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 depository/ 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 as defined in and in reliance on Regulation S, or (ii) a U.S. QIB, and it has agreed to certain other representations set forth in the “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” beginning on pages 219 and 227, respectively, 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 were 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 “SONA BLW PRECISION FORGINGS LTD QIP ESCROW A/C” 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 to be held by joint holders were 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, were 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 214.
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 Bidder acknowledged that in accordance with the requirements of the Companies Act, 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 LMs 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 authorized 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 Book Running Lead Managers, 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 (when dispatched) 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 Book Running Lead Managers.**
9. Upon determination of the Issue Price and the issuance of the CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, 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 Book Running Lead Managers 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 ₹250 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
 - provident funds with minimum corpus of ₹250 million;
 - public financial institutions as defined under Section 2(72) of the Companies Act;
 - scheduled commercial banks;

- state industrial development corporations;
- systemically important non-banking financial companies;
- 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 THE 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 THE 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 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 NSDL 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*” beginning on pages 219 and 227, 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 Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders’ agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Book Running Lead Managers and any of their respective shareholders, employees, 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 Book Running Lead Managers 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 Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document. 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 and this 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*” beginning on pages 1, 4, 219 and 227, respectively, including without limitation:

- Each 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 the Issue;

- Each Eligible QIB confirmed that it is not a Promoters 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;
- Each Eligible QIB confirmed that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;
- Each 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;
- Each Eligible QIB acknowledged that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;
- Each Eligible QIB confirmed that if Equity Shares are Allotted through the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchange;
- Each 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;
- Each Bidder confirmed that in the event it is resident outside India, it is not an FVCI;
- Each Eligible QIB confirmed that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;
- Each 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 cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date;
- Each 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, our Company reserves the right to Allocate and Allot Equity Shares pursuant to the Issue on a discretionary basis in consultation with the Book Running Lead Managers. 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;
- Each Eligible QIB acknowledged that in terms of the requirements of the Companies Act, 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 Book Running Lead Managers;
- Each 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;
- Each Eligible QIB acknowledged that no Allocation shall be made to it if the price at which it has Bid for in the Issue is lower than the Issue Price.
 - Each 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.
 - Each Eligible QIB was 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.
 - Each Bidder acknowledged, represented and agreed that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, or "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the SEBI Takeover Regulations.

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 BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, 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 be 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 Book Running Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to 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 was deposited in the Escrow Account as is specified in the Application Form and the Application Form were required to be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and e-mail	Phone (Telephone)
Jefferies India Private Limited	Level 16, Express Towers Nariman Point, Mumbai 400 021 Maharashtra, India	Suhani Bhareja	E-mail: Sona.BLW.QIP.2024@jefferies.com Website: www.jefferies.com	+91 22 4356 6000
JM Financial Limited*	7 th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra, India	Prachee Dhuri	E-mail: sona.qip@jmfl.com Website: www.jmfl.com	+91 22 6630 3030

** One of the Directors of our Company is also a director of JM Financial Limited and accordingly, JM Financial Limited is deemed to be an "associate" of our Company pursuant to Regulation 21A of the SEBI Merchant Banking Regulations. In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Banking Regulations, read with Regulation 174(2) of the SEBI ICDR Regulations, JM Financial Limited shall be involved only in the marketing of the Issue.*

The Book Running Lead Managers were not required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms were duly completed, and Bidders Bidding in the Issue paid 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 "SONA BLW PRECISION FORGINGS LTD QIP ESCROW A/C" 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 is liable to be rejected.

Pending Allotment, our Company undertakes to utilize the amount deposited in "SONA BLW PRECISION FORGINGS LTD QIP ESCROW A/C" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company was 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 214.

Bank Account Details

Each Bidder were 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. However, our Company has offered a discount of ₹ 9.01, being equivalent to a discount of 1.29% on the Floor Price, which is not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution dated September 9, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the Book Running Lead Managers, has determined the Issue Price, which was at or above the Floor Price.

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 Book Running Lead Managers. Such Bids could not be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book was maintained by the Book Running Lead Managers.

Method of Allocation

Our Company has determined the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

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 LMs, has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION 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 BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE BID/ ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CONFIRMATION OF ALLOCATION NOTE (“CAN”)

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Book Running Lead Managers, 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 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 Book Running Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB has been deemed to have made the representations and warranties as specified in section “*Notice to Investors*” beginning 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 this 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, 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 Book Running Lead Managers), 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.
7. After finalization 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 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 is cancelled prior to Allocation, or a Bidder lowered or withdrew the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form, in the form and manner set out in the Refund Intimation Letter. The Refund Amount will be transferred to the relevant

Bidders within two Working Days from the issuance of the CAN. In the event 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. from the expiry of the 60th day and in such manner as prescribed under the Companies Act. 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 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, the Depositories Act and other applicable laws.

We, at our sole discretion (in consultation with the Book Running Lead Managers), 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 shall be submitted with our Company/ LMs 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 Book Running Lead Managers, could reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids 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**” beginning on pages 209 and 214, respectively.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialized 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 dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

Placement Agreement

The Book Running Lead Managers and our Company have entered into the Placement Agreement dated September 4, 2024 (“**Placement Agreement**”), pursuant to which the Book Running Lead Managers have 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 Book Running Lead Managers, pursuant to Chapter VI of the SEBI ICDR Regulations, the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations 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 U.S. QIBs and in transactions exempt from the registration requirements 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*” beginning on pages 219 and 227, respectively. The Preliminary Placement Document and this Placement Document has 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.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers 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*” beginning on pages 10 and 4, respectively. Pradip Manilal Kanakia is a common director between our Company and JM Financial Limited and accordingly, JM Financial Limited shall be involved only in the marketing of the Issue.

From time to time, the Book Running Lead Managers 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

Subject to exceptions set out below, our Company shall not for a period of 90 days from the Closing Date, without the prior written consent of the Book Running Lead Managers, issue, offer, lend, pledge, sell, contract to sell or issue, 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. Provided however that the foregoing restriction shall not be applicable to the (i) the issuance of the Equity Shares pursuant to the Issue; (ii) any employee stock option scheme of our Company in force as on the date of the Placement Agreement, and (iii) any transaction required by law or an order of a court of law or a statutory authority.

Further, subject to exceptions set out below, Aureus shall not for a period of 60 days from the Closing Date, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) offer, issue, 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 our 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, whether now owned or hereinafter acquired; (b) 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 (c) 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 that, the foregoing restrictions shall not apply to (i) any sale, transfer or disposition of any of the lock-up shares by the undersigned with prior written consent of all the Book Running Lead Managers to the extent such sale, transfer or disposition is required by applicable law; and (a) 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 by Aureus, our Company or transfer of any of the lock-up shares to any third party pursuant to the invocation of any pledge in relation to the lock-up shares.

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 in this Issue 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. 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 authorized.

General

The Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. 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 authorized. No action has been taken or will be taken by our Company or the BRLMs that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of the Preliminary Placement Document and this Placement Document, any offering materials and any advertisements in connection with the offering of 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. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares in this 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 227, 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 product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the “**Corporations Act**”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“**ASIC**”), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors or Exempt Investors, available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in

compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the 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 us 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 investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company and the Selling Shareholders have not made and will not make any invitation to the public in the Kingdom of Bahrain and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency (“**BMA**”) has not reviewed, nor has it approved, this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

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 our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a “**BVI Company**”), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered Placement Document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code 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.

European Economic Area

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no Equity Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Equity Shares at any time under the following exemptions under the Prospectus Regulations:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Company or any BRLM to publish 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 provision, the expression an “offer to the public” in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to

purchase or subscribe for any Equity Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

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 (Cap. 571) 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 “CWUMPO”) or which do not constitute an offer to the public within the meaning of the CWUMPO.

No advertisement, invitation or document relating to the Equity Shares has been or may be issued or has been or may be in possession of any person for the purposes of the issue, whether in Hong Kong or elsewhere, 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.

Indonesia

This Placement Document does not constitute a prospectus for a public offering of securities under Indonesian Capital Market Law and its implementing regulations. This Placement Document may not be distributed or passed on to more than 100 persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia. The Equity Shares may not be sold using this Placement Document to more than 50 persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “FIEA”) and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the “**Qualified Institutional Investor**”), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe to the Equity Shares (the “**QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

The Equity Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the 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 Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the “**New Zealand Securities Act**”). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act (“**Habitual Investors**”). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Placement Document to any person who is not also a Habitual Investor.

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.

Sultanate of Oman

This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority (“CMA”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in this Placement Document will not take place inside Oman. This Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority 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 authorized financial adviser.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center (“QFC”), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. The Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

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 any Equity Shares, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) 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 or securities-based derivatives contracts (each term 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:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of 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).

South Africa

Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- i. the offer, transfer, sale, renunciation or delivery is to:
 - (a) persons whose ordinary business is to deal in securities, as principal or agent;
 - (b) the South African Public Investment Corporation;
 - (c) persons or entities regulated by the Reserve Bank of South Africa;
 - (d) authorized financial service providers under South African law;
 - (e) financial institutions recognized as such under South African law;
 - (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
 - (g) any combination of the person in (a) to (f); or
- ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No “offer to the public” (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the “**South African Companies Act**”)) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, this Placement Document does not, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, this Placement Document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as “**SA Relevant Persons**”). Any investment or investment activity to which this Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority (“**CMA**”) pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the “**CMA Regulations**”). 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 a prospective purchaser does not understand the contents of this Placement Document, he or she should consult an authorized financial adviser.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This 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.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (“**DFSA**”). This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. 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 prospectus supplement 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 authorized 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.

United Kingdom

No Equity 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 Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority, except that Equity Shares may be offered to the public of the United Kingdom 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 BRLMs for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Equity Shares shall require the Company or any BRLM to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

See “*Purchaser Representations and Transfer Restrictions*” of this Placement Document.

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 offered in the Issue or making any resale, pledge or transfer of Equity Shares purchased in the Issue.

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.

The Equity Shares Allotted in the Issue are also subject to the resale restrictions in “*Selling Restrictions*” on page 219 and the following resale restrictions.

Purchaser Representations and Transfer Restrictions for Purchasers within in the United States

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 Book Running Lead Manager as follows:

- You (A) are a U.S. QIB, (B) are aware that the sale of the Equity Shares to you is being made pursuant to an available exemption from the registration requirements of the U.S. Securities Act and (C) are acquiring such Equity Shares for your own account or for the account of a U.S. QIB;
- 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 is a U.S. QIB, (ii) in an “offshore transaction”, as defined in, and in reliance upon Regulation S, (iii) pursuant to and in accordance with 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 in which such offers or sales are made;
- 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/it, nor any of your/its affiliates, nor any person acting on your/its behalf, will make any “general solicitation” or “general advertising” within the meaning of Regulation D under the U.S. Securities Act, with respect to the Equity Shares. You/ it acknowledge and agree that you/it is not purchasing any Equity Shares as a result of any “general solicitation” or “general advertising”;
- The Equity Shares offered and sold in the United States 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 depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository 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 Book Running Lead Manager) or any of its 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 Book Running 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 Book Running Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, 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.

Purchaser Representations and Transfer Restrictions for Purchasers outside the United States

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of 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 Book Running Lead Manager and its 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 your 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 U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an “offshore transaction”, as defined in, and in compliance with Rule 903 or Rule 904 of Regulation S, as applicable, (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;
- 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 Book Running Lead Manager) or any of its 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 Book Running 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 Book Running Lead Managers 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 capitalization 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 capitalization 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 organizations 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 recognized 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 recognized Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 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 recognized 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. Further, pursuant to the budget for financial year 2020, SEBI has been authorized to consider increasing the minimum public shareholding requirement to 35%.

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 recognized 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, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 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, 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, 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 Buy-back Regulations

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, as amended and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

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 ₹1 million 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 organization 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 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 authorized share capital of our Company as of the date of this Placement Document is ₹11,50,00,00,000 divided into 1,148,500,000 Equity Shares of face value of ₹ 10 each and 1,500,000 Preference Shares of face value of ₹ 10 each. Our subscribed and paid-up share capital as of the date of this Placement Document is ₹5,864,724,820, divided into 586,472,482 Equity Shares of face value of ₹ 10 each. For further details please see "**Capital Structure**" beginning on page 86.

Dividends

Under the Companies Act, 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, 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 or out of the profits of the company for any previous fiscal arrived at as laid down by the Companies Act. Further, under the Companies Act, 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. Subject to the provisions of the Companies Act, 2013, our Board may from time to time pay to the Shareholders such interim dividends as appear to it to be justified by the profits of our Company.

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) of the Companies Act, 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 unrealized 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, 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 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, 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, 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 authorized 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 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;
- convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- 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, 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 and subject to the provisions of Section 96(2) of the Companies Act 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.

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 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 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 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act 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 Companies 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 recognized 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 recognized 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, 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 Sections 68, 69 and 70 and other applicable provisions, if any, of the Companies Act (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.

TAXATION

To,

**The Board of Directors
Sona BLW Precision Forgings Limited**

Sona Enclave
Village Begumpur Khatola
Sector 35, Gurgaon - 122004
Haryana, India
Dear Sirs,

Sub: Independent Chartered Accountants Certificate on the Statement of special tax benefits for proposed Qualified Institutions Placement of equity shares of face value of ₹ 10 each ("Equity Shares") (such placement, the "Issue") by the Company

This Statement has been issued in accordance with the Engagement Letter dated August 21, 2024. We refer to the proposed Qualified Institutions Placement of equity shares of Sona BLW Precision Forgings Limited ("the Company") under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"). We enclose herewith the **Annexure II** "Statement of Possible Special Tax Benefits available to Sona BLW Precision Forgings Limited and its Shareholders under the applicable tax laws in India – The Income-tax Act, 1961" and **Annexure III** "Statement of Possible Special Tax Benefits available to Sona BLW Precision Forgings Limited and its Shareholders under the applicable indirect tax laws in India" hereinafter referred as the ("Annexure II and III") prepared by the Company, initialled by us for identification purpose, which states the possible special tax benefits available to the Company and its shareholders, under direct and indirect taxes (together "**the Tax Laws**"), presently in force in India as on the date of this letter, which are defined in **Annexure I**. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexure II** and **III** cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed **Annexure II** and **III** and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. Further, the benefits discussed in the **Annexure II** and **III** are neither exhaustive nor conclusive. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of the Company particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of 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.

We do not express any opinion or provide any assurance as to whether:

- i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or
- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with; or

iii) the revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of the Taxation Laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the Statement is on the express understanding that we do not assume responsibility towards the investors and third parties who may or may not invest in the Issue relying on the Statement. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the preliminary placement document and placement document of the Company, prepared in connection with the Offering to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

Yours faithfully,
For SCV & Co. LLP
Chartered Accountants
Firm Registration Number: 000235N/N500089

(Rajiv Puri)
Partner
Membership Number: 084318
Place: Noida
Date: September 4, 2024
UDIN: 24084318BKFMHK5004

Annexure I

List of Direct and Indirect Tax Laws (“Tax Laws”)

1. Income Tax Act, 1961 (“Act”) as amended by the Finance Act 2024, i.e. applicable for the Financial Year 2024-25 relevant to the Assessment Year 2024-25, including the rules, regulations, circulars and notifications issued in connection with the Act, as presently in force,
2. Central Goods and Service Tax Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications),
3. Respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications),
4. Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications),
5. The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023),
6. Customs Act, 1962 (read with Custom Rules, circulars, notifications),
7. Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).

Annexure II

Statement of Possible Special Tax Benefits available to Sona BLW Precision Forgings Limited and its Shareholders under the applicable tax laws in India – The Income-tax Act, 1961

The information below highlights possible tax benefits under the Income-tax Act, 1961, as amended by the Finance Act, 2024. It is not exhaustive and should not replace professional advice. Investors should consult their tax advisors for detailed implications, as new legislation may lack clear precedent or vary in interpretation.

The statement of tax benefits enumerated below is as per the Income-tax Act, 1961 (“the Act”) as amended from time to time and applicable for Financial Year 2024-25 relevant to the assessment year 2025-26.

I. Possible Direct tax benefits available to the Company

1. Lower corporate tax rate under section 115BAA of the Act:

A new section 115BAA, was introduced into the Income Tax Act as amended by the Finance Act, 2019, effective from April 1, 2020 (Assessment Year 2020-21). This section offers domestic companies the option to be governed by it from a specific assessment year, allowing them to pay corporate tax at a reduced rate of 22%. Additionally, companies that opt for section 115BAA are exempt from paying Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the Act.

However, companies opting for the reduced corporate tax rate under section 115BAA will no longer be eligible for certain specified exemptions and incentives under the Act. They must also comply with the conditions outlined in section 115BAA. The following tax exemptions and incentives will not be available if a company opts for the lower corporate tax rate under section 115BAA:

- Deduction u/s 10AA: Tax holiday available to units in a Special Economic Zone;
- Deduction u/s 32(1)(iia): Additional Depreciation;
- Deduction u/s 32AD or Section 33AB or Section 33ABA: Investment allowance in backward areas, Investment deposit account, site restoration fund;
- Deduction u/s 35AD or section 35CCC: Deduction for capital expenditure incurred on specified businesses, agricultural extension project; and
- Deduction under certain sub-sections/clauses of Section 35: Expenditure on scientific research.
- Deduction under section 35CCD: Expenditure of skill development;
- Deduction under any provision of Chapter VI-A other than the provisions of Section 80JJAA (Deduction in respect of employment of new employees) and 80M (Deduction in respect of certain inter-corporate dividends);
- No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;
- No set off of any loss or allowance for unabsorbed depreciation deemed so under Section 72A, if such loss or depreciation is attributable to any of the deductions referred above.

Additionally, if a company opts for section 115BAA, any MAT credit (under section 115JAA) it is entitled to from previous years will no longer be available. The company will also not be allowed to set off any brought forward loss arising from additional depreciation and other specified incentives. The Company has opted for the lower corporate tax rate of 22%, starting from the financial year 2019-20, relevant to the assessment year 2020-21, as prescribed under section 115BAA of the Act.

2. Deduction in respect of employment of new employees- Section 80JJAA of the Income-tax Act, 1961

Under section 80JJAA, if a company is subject to a tax audit under section 44AB of the Act and earns income from business, it is entitled to a deduction equal to 30% of the additional employee cost incurred during the previous year. This deduction can be claimed for three consecutive assessment years, including the assessment year relevant to the previous year in which the additional employee cost was incurred.

The deduction under section 80JJAA remains available to the company even if it opts for the reduced tax rate of 22% under section 115BAA of the Act, as previously discussed.

The Company qualifies for the deduction under Section 80JJAA of the Act upon fulfillment of the necessary conditions.

3. Deduction in respect of inter-corporate dividends – Section 80M of the Act

For resident corporate shareholders, Section 80M has been added to the Act, effective from the financial year (FY) 2020-21, to eliminate the cascading effect of taxes on inter-corporate dividends. This section allows a domestic company to deduct from its total income the amount of dividends received from other domestic or foreign companies or business trusts, provided that this amount does not exceed the dividends distributed by the company on or before the due date. The 'due date' is defined as one month before the deadline for filing the income tax return under Section 139(1) of the Act.

If a company receives dividends during a financial year and distributes dividends to its shareholders before this due date, it is eligible for the deduction under Section 80M, subject to the fulfillment of specified conditions.

The Company is claiming the deduction under Section 80M of the Act for dividends received as a shareholder in another company, subject to the fulfillment of the required conditions.

4. Deduction in respect of expenditure incurred in relation to amalgamation under Section 35DD of the Act

As per section 35DD of the Act, where an Indian company, incurs any expenditure, wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the company is allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which the amalgamation or demerger takes place.

The benefit of same may be availed by company in relation any such expenditure incurred for the purpose of amalgamation or demerger.

II. Special Direct tax benefits available to the Shareholders

1. Dividend income earned by the domestic shareholders:

Dividend income received by domestic shareholders will be taxed according to their applicable rates. However, domestic corporate shareholders may qualify for a deduction under Section 80M of the Act if certain conditions are met. Additionally, for individual shareholders, HUFs, AOPs, and BOIs, the surcharge on dividends will be capped at 15%, irrespective of the dividend amount.

2. Capital gains arising in the hands of the shareholders:

As per Section 112A of the Act, amended by the Finance Act 2024 effective from July 23, 2024, long-term capital gains exceeding Rs. 1,25,000 from the sale of equity shares, equity-oriented fund units, or business trust units will be taxed at a rate of 12.5% (plus applicable surcharge and cess) without the benefit of indexation under the first and second provisos to Section 48 of the Act.

Similarly, Section 111A of the Act, as amended by the Finance Act 2024 effective from July 23, 2024, prescribes a concessional tax rate of 20% (plus applicable surcharge and cess) on short-term capital gains exceeding the basic exemption limit, provided the transfer occurs on or after July 23, 2024. This rate applies to short-term capital assets, such as equity shares or units of equity-oriented funds held for less than 12 months, where Securities Transaction Tax (STT) is paid at both the time of acquisition and transfer.

3. Tax benefits for non-resident shareholders

For non-residents, tax rates and subsequent taxation may be adjusted based on the benefits available under the applicable Double Taxation Avoidance Agreement (DTAA) between India and the non-resident's country of fiscal domicile. Additionally, any capital gains or dividends earned by non-residents may be subject to withholding tax under the provisions of the Act or the relevant DTAA,

whichever is more favorable. If the non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax will be applied at the rate specified in the certificate. Non-resident shareholders may also claim credit for taxes paid, subject to the local laws of their country of residence

Notes:

1. We have not considered the general tax benefits available to the Company or shareholders of the Company.
2. These special tax benefits stated above are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
3. The above views are based on the existing provisions of laws 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.
4. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares.
5. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her tax advisor with respect to specific taxes arising out of the shares allotted.
6. This statement does not discuss any tax consequences in a country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them.
7. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - i. the Company or its shareholders will continue to obtain these benefits in future;
 - ii. the conditions prescribed for availing the benefits have been/ would be met with; and
 - iii. the revenue authorities/courts will concur with the view expressed herein.

For and on behalf of Sona BLW Precision Forgings Limited

(Authorized Signatory)

Place: Gurgaon

Date:

Annexure III

Statement of Possible Special Tax Benefits available to Sona BLW Precision Forgings Limited and its Shareholders under the applicable indirect tax laws in India

1. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023)

i. Remission of Duties and Taxes on Exported Products (RoDTEP)

The objective of RoDTEP scheme is to refund various duties and taxes incurred on the export of goods. Under the scheme, rebate of taxes will be given in the form of electronic scrip which could be utilized for payment of Basic Customs Duty.

The Company is availing benefit under RoDTEP Scheme on products between 0.30% to 1.40%.

ii. Export Promotion Capital Goods (EPCG)

The objective of the EPCG Scheme is to facilitate duty free import of capital goods for producing quality goods and services and enhancing India's manufacturing competitiveness. EPCG Scheme facilitates import of capital goods for producing quality goods and services at zero customs duty.

Import under EPCG Scheme shall be subject to a specific export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of authorization.

EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty In lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

Currently, the Company is availing benefits under EPCG Scheme and is timely fulfilling its export obligation.

2. Benefits of Duty Drawback scheme under Section 74 and 75 of the Customs Act, 1962

Section 74 of the Act grants duty drawback up to 98% of the import duty paid on goods, if the goods are re-exported by the importer. The importer is entitled to drawback subject to the fulfilment of the certain conditions. Presently the rate of Duty Drawback ranges from 0% to 95%.

As per section 75, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. Unlike drawback of a portion of the customs duty paid on imported goods in case of section 74, here the main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the amount of drawback payable on such goods.

3. Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is why these transactions attract a GST rate of zero per cent.

There are two mechanism for claiming refund of accumulated Input Tax Credit (“ITC”) against export. Either any person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated ITC or any person other than EOU may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

4. Exemption and benefits available under Export Oriented Unit scheme

- i. Exemption of all goods as specified in the Annexure – I to Notification 52/2003 – Customs, when imported or procured from a Public Warehouse or a Private Warehouse appointed or licensed, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purpose of manufacture of articles for export or for being used in connection with the production or packaging or job work for export of goods or services by Export Oriented Undertaking or Unit;
- ii. Exemption from additional duties of Customs, if any, under section 3(1), section 3(3) and section 3(5) of the Customs Tariff Act, 1975;
- iii. Exemption from the levy of Goods and Services Tax under Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications) on physical export of notified goods and/or services or supplies goods and/or services to Special Economic Zone developer or unit.

Possible special benefits for shareholders of Sona BLW Precision Forgings Limited

Shareholders of the Company are not eligible for any special tax benefits under the provisions of the Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).

Notes:

1. These special tax benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil.
2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

3. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - i. The Company will continue to obtain these benefits in future;
 - ii. The conditions prescribed for availing the benefits have been/ would be met with; and
 - iii. The revenue authorities / courts will concur with the view expressed herein.

4. The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.

For and on behalf of Sona BLW Precision Forgings Limited

(Authorized Signatory)

Place: Gurgaon

Date:

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Equity Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Equity Shares in the offering that are U.S. Holders that will hold the Equity Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Equity Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 10 per cent. or more of the equity interests of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Equity Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Equity Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “**U.S. Holder**” means a beneficial owner of Equity Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Equity Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Equity Shares by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and India (the “**Treaty**”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect. No rulings have been requested from the U.S. Internal Revenue Service (the “**IRS**”) and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE EQUITY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Distributions

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Indian withholding tax paid by the Company with respect thereto, generally will be taxable to a U.S. Holder as dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in the Equity Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to Equity Shares will be treated as ordinary dividend income. Such dividend income will not be eligible for the dividends received deduction allowed to

corporations. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, and certain holding period and other requirements are met. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a passive foreign investment company in the taxable year of the Company in which the dividends are received or in the preceding taxable year. See “—*Passive Foreign Investment Company Considerations*” below. Prospective purchasers should consult their tax advisers regarding the qualified dividend income rules.

Dividends paid in Indian rupees will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Indian rupees are converted into U.S. dollars at that time. If dividends received in Indian rupees are converted into U.S. dollars at the spot rate applicable on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

A U.S. Holder may be entitled, subject to certain complex limitations and requirements, to a credit against its U.S. federal income tax liability for Indian income taxes withheld on payments of dividends (at a rate not exceeding any applicable Treaty rate). Dividends generally will constitute foreign source “passive category income” for purposes of the foreign tax credit. The rules governing foreign tax credits are complex and recently issued final U.S. Treasury regulations (“**Final FTC Regulations**”) have imposed additional requirements that must be met for a foreign tax to be creditable, and the Company does not intend to determine whether such requirements are met. However, recent notices (the “**Notices**”) from the IRS indicate that the U.S. Treasury and the IRS are considering proposing amendments to the Final FTC Regulations and allow taxpayers, subject to certain conditions, to defer the application of many aspects of the Final FTC Regulations until the date when a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). Subject to certain limitations and requirements, in lieu of claiming a credit, a U.S. Holder may be able to take a deduction for such taxes. An election to deduct creditable foreign taxes instead of claiming foreign tax credits must be applied to all creditable foreign taxes paid or accrued in the U.S. Holder’s taxable year. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Indian withholding taxes.

Sale or Other Taxable Disposition

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

Upon a sale or other taxable disposition of Equity Shares, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or other taxable disposition and the U.S. Holder’s adjusted tax basis in the Equity Shares, in each case as determined in U.S. dollars. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period in the Equity Shares exceeds one year. Non-corporate U.S. Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital losses is subject to significant limitations. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or other taxable disposition of Equity Shares that are not paid in U.S. dollars.

Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of Equity Shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes. As a result, the use of U.S. foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. Moreover, under the Final FTC Regulations described above (but subject to the Notices described above), Indian income taxes on disposition gains of U.S. Holders that are not entitled to, or do not elect to apply, the benefits of the Treaty, are generally not creditable for U.S. federal income tax purposes. Indian income taxes on disposition gains that are not creditable may reduce the amount realized on the disposition of Equity Shares or alternatively may be deductible. The Indian Securities Transaction Tax (“**STT**”) is not creditable for U.S. federal income tax purposes. U.S. Holders should consult their tax advisers regarding the tax consequences if Indian income taxes are imposed on a taxable disposition of Equity Shares, including their ability to credit or deduct any Indian income tax against their U.S. federal income tax liability, the proper application of the Treaty (which in some respects is not entirely clear), the determination of the amount realized and disclosure obligations of any Treaty-based tax return position, as well as the proper U.S. federal income tax treatment of the Indian STT

(including whether the Indian STT is deductible, increases the adjusted tax basis in the Equity Shares or reduces the amount realized on disposition).

Passive Foreign Investment Company Considerations

A non-U.S. corporation will be a passive foreign investment company (“**PFIC**”) in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules”, either (i) at least 75 per cent. of its gross income is “passive income” or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For these purposes, “passive income” generally includes interest, dividends, rents, royalties and gains from non-dealer securities transactions. In general, cash is a passive asset for these purposes. Based on the Company’s current and projected composition of the Company’s income and assets, the Company does not expect to be a PFIC for the current taxable year. However, the Company’s possible status as a PFIC must be determined annually after the close of each taxable year, and therefore may be subject to change. This determination will depend on, among other things, the composition of the income and assets, as well as the value of the assets, of our Company and its subsidiaries from time to time. The value of our assets for purposes of the PFIC determination may be determined by reference to the market price of our Equity Shares, which could fluctuate significantly. Accordingly, if the market price of our Equity Shares declines while we hold a substantial amount of cash and cash equivalents, the risk of the Company becoming a PFIC will increase. In addition, the Company’s possible status as a PFIC will also depend on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that the Company will not be a PFIC for any year in which a U.S. Holder holds the Equity Shares.

If the Company is a PFIC in any year during which a U.S. Holder holds the Equity Shares, and such holder has not made any of the elections described below, the U.S. Holder will generally be subject to special rules with respect to (i) any “excess distribution” (generally, the excess of the total amount of distributions during a taxable year in which distributions received by the U.S. Holder on the Equity Shares over 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the Equity Shares) and (ii) any gain realized on the sale or other disposition of the Equity Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder’s holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. Additionally, dividends paid by the Company will not be eligible for the special reduced rate of tax described above under “*Distributions*”. If the Company is a PFIC for any taxable year during which a U.S. Holder holds the Equity Shares, the Company would generally continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such holder owns the Equity Shares, even if the Company ceases to meet the threshold requirements for PFIC status (unless the U.S. Holder makes a deemed sale election with respect to the Equity Shares once the Company is no longer a PFIC). If the Company is a PFIC for any taxable year, U.S. Holders should consult their tax advisers regarding the application of the PFIC rules to their ownership of the Equity Shares.

If the Company is a PFIC for any taxable year, to the extent any of its subsidiaries or other entities in which it holds equity interests are also PFICs, a U.S. Holder will generally be deemed to own equity interests in such lower-tier PFICs that are directly or indirectly owned by the Company in the proportion which the value of the Equity Shares owned by such U.S. Holder bears to the value of all of the Company’s equity interests, and such U.S. Holder will generally be subject to the tax consequences described above (and the IRS Form 8621 reporting requirement described below) with respect to the equity interests of such lower-tier PFIC the U.S. Holder is deemed to own. As a result, if the Company receives a distribution from any lower-tier PFIC or sells equity interests in a lower-tier PFIC, a U.S. Holder will generally be subject to tax under the excess distribution rules described above in the same manner as if such U.S. Holder had held a proportionate share of the lower-tier PFIC equity interests directly, even if such amounts are not distributed to the U.S. Holder. The application of the PFIC rules to indirect ownership of any lower-tier PFIC held by the Company is complex and uncertain, and U.S. Holders should therefore consult their own tax advisers regarding the application of such rules to their ownership of Equity Shares.

If the Company is a PFIC in a taxable year and the Equity Shares are treated as “marketable stock” in such year, a U.S. Holder may make a mark-to-market election with respect to its Equity Shares. A U.S. Holder that makes a valid mark-to-market election with respect to the first taxable year during its holding period in which the Company

is a PFIC generally will not be subject to the PFIC rules described above. Instead, in general, such U.S. Holder will include as ordinary income each year the excess, if any, of the fair market value of the Equity Shares at the end of the taxable year over the U.S. Holder's adjusted basis in the Equity Shares. Such U.S. Holder will also be allowed to take an ordinary loss in respect of the excess, if any, of such holder's adjusted basis in the Equity Shares over the fair market value of such Equity Shares at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. Any gain that is recognized on the sale or other taxable disposition of Equity Shares would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. However, because a mark-to-market election cannot technically be made for equity interests in any lower-tier PFICs of the Company that are not treated as "marketable stock", a U.S. Holder would continue to be subject to the excess distribution rules with respect to any lower-tier PFICs, any distributions received by the Company from a lower-tier PFIC, and any gain recognized by the Company upon a sale of equity interests of a lower-tier PFIC, even if a mark-to-market election has been made by the U.S. Holder with respect to its Equity Shares. The interaction of the mark-to-market rules and the rules governing lower-tier PFICs is complex and uncertain, and U.S. Holders should therefore consult their own tax advisers regarding the availability and advisability of the mark-to-market election as well as the application of the PFIC rules to their ownership of the Equity Shares.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime to their investment in the Company.

Backup Withholding and Information Reporting

Payments of dividends on, and proceeds from the sale or other taxable disposition of, Equity Shares by a U.S. or U.S.-connected paying agent or other U.S. or U.S.-connected intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Equity Shares, including reporting obligations related to the holding of certain "specified foreign financial assets".

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 Determining Materiality' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated January 27, 2021 and as amended on July 27, 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 September 4, 2024, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable: (i) all outstanding criminal proceedings (including matters which are at first information report stage) involving our Company and/or our Subsidiaries individually and matters under Section 138 of the Negotiable Instruments Act, 1881 on a consolidated basis; (ii) all outstanding actions (including notices received) by regulatory and/or statutory authorities involving our Company and/or our Subsidiaries individually; (iii) all outstanding claims related to direct and indirect tax matters involving our Company and/or our Subsidiaries to be disclosed (a) in a consolidated manner, giving the number of cases and total amount demanded, and (b) in a descriptive manner in respect of cases where the amount demanded exceeds the Materiality Amount (defined below); (iv) any other pending litigation or arbitration proceedings, involving our Company and/or our Subsidiaries, which are determined to be material as per the Materiality Policy and (v) other outstanding proceedings involving our Company and/or its Subsidiaries wherein a monetary liability is not determinable or quantifiable, or which does not exceed the threshold as specified in (iv) above, which if results in an adverse outcome would have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company

For the purpose of (iv) above, all outstanding litigation (other than otherwise covered in this section) involving our Company and/or Subsidiaries shall be disclosed, if the monetary amount of claim by or against the entity in any such pending proceeding is in excess of the lower of (a) 2% of the turnover of our Company as per the last audited consolidated financial statements of our Company (i.e., Fiscal 2024); or (b) 2% of the net worth of our Company as of the last audited consolidated financial statements of our Company (i.e., Fiscal 2024); or (c) 5% of the average of the absolute value of the profit/loss after tax as per Audited Consolidated Financial Statements ("**Materiality Amount**") shall be disclosed. Accordingly, based on the above, the lowest of the three thresholds above, i.e., ₹ 212.44 million (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 our Company) will be the Materiality Amount.

Further, we have also disclosed: (i) details of any inquiries, inspections or investigations initiated or conducted under the Companies Act, or any previous companies law, in the last three years immediately preceding the year of issue of this Placement Document (i.e. 2022, 2023, 2024 and till the date of this Placement Document), against our Company and our Subsidiaries; (ii) details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; (iii) details of 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 (i.e. 2022, 2023, 2024 and till the date of this Placement Document) for our Company and our Subsidiaries; (iv) details of material frauds committed against our Company in the last three years, immediately preceding the year of this Issue (i.e. three years prior to the date of this Placement Document), and if so, the action taken by our Company; (v) 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; (vi) details of default in annual filing of our Company under the Companies Act or the rules made thereunder; (vii) Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of this Issue (i.e. Fiscals 2020, 2021, 2022, 2023 and 2024) 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 and (viii) all litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of the issue of this Placement Document (i.e. 2022, 2023, 2024 and till the date 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.

It is clarified that for the purposes of the above, pre-litigation notices (including first information reports) received by our Company and/or our 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 our Company and/or our 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 our 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 Promoters during the last three years

Nil

E. Inquiries, inspections, or investigations initiated or conducted under the Companies Act 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/or 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

As on the date of this Placement Document, there are no defaults in annual filing of our Company under the Companies Act.

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

Except as disclosed below, 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:

(a) Audited Consolidated Financial Statements for Fiscal 2024:

“As required by clause (xxi) of paragraph 3 of Companies (Auditor’s Report) Order, 2020 (‘the Order’) issued by the Central Government of India in terms of section 143(11) of the Companies Act based on the consideration of the Order reports issued till date by us, of companies included in the consolidated financial statements for the year ended March 31, 2024 and covered under the Companies Act, we report that following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended March 31, 2024 for which such Order reports have been issued till date:

S.No.	Name	CIN	Holding Company / subsidiary /Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause (xvii)

Under Clause xvii of Companies (Auditor’s Report) Order, 2020 in the audit report dated April 30, 2024, on the standalone financial statements of Sona Comstar Edrive Private Limited for the year ended March 31, 2024:

“The Company has incurred cash losses in the current financial year and in the immediately preceding financial years amounting to ₹ 1,115.84 and ₹ 1,667.08 hundreds respectively.”

Further,

“18(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 except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).”

“18(f) The modification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 18(b) above on reporting under section 143(3)(b) of the Act and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);”

“18(h)(i) Based on our examination which included test checks, performed by us on the Holding Company and its subsidiaries incorporated in India and audited under the Act, the Holding Company, and its subsidiaries in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature was not enabled at database level for accounting software to log any direct data changes. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software where such feature is enabled.”

(b) Audited Consolidated Financial Statements for Fiscal 2023:

“As required by clause (xxi) of paragraph 3 of Companies (Auditor’s Report) Order, 2020 (‘the Order’) issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of companies included in the consolidated financial statements for the year ended March 31, 2023 and covered under the Act we report that: following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended March 31, 2023 for which such Order reports have been issued till date:

S.No.	Name	CIN	Holding Company / subsidiary /Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause (xvii)

Under Clause xvii of Companies (Auditor’s Report) Order, 2020 in the audit report dated May 3, 2023, on the standalone financial statements of Sona Comstar Edrive Private Limited for the year ended March 31, 2023:

“The Company has incurred cash losses in the current financial year and in the immediately preceding financial years amounting to ₹ 1,66,708 and ₹ 7,08,278 respectively.”

(c) Audited Consolidated Financial Statements for Fiscal 2022:

“We draw attention to Note 49 to the accompanying standalone financial statements in respect of Scheme of Amalgamation (the ‘Scheme’) of the Company and its wholly owned subsidiary, namely, Comstar

Automotive Technologies Private Limited (referred to as 'transferor company') as further detailed in the said note. Pursuant to the Scheme being approved by the Hon'ble National Company Law Tribunal vide its order dated January 7, 2022, the comparative financial information for the year ended March 31, 2021 have been restated in the accompanying financial statements as if the common control business combination had occurred from the date the transferor company and the Company came under common control, in accordance with Appendix C to Ind AS 103, Business Combinations, as stipulated by the Scheme.

Our opinion is not modified in respect of the above matter."

"The Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated January 7, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited ('Wholly Owned Subsidiary') with Sona BLW Precision Forgings Limited ("Company") with effect from July 5, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on January 28, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to ₹ 1,582.24 million and ₹ 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to ₹ 737.23 million."

Further,

"As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended March 31, 2022 and covered under the Act we report that following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended March 31, 2022 for which such Order reports have been issued till date:

S.No.	Name	CIN	Holding Company / subsidiary /Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause (xvii)

"The Company has incurred cash losses in the current financial year and in the immediately preceding financial years amounting to ₹ 7,08,278 and ₹ 78,569 respectively."

(d) Consolidated Financial Statements for Fiscal 2021:

"The following matter was a subject matter of qualification in our audit report on the consolidated financial statements of the Group for the previous year ended 31 March 2020. While the matter as explained below does not have any effect on the consolidated profit of the Group for the current year ended 31 March 2021 and its equity attributable to the owners on that date, we are unable to comment on the consequential impact of the below matter on the comparability of current year figures with the comparative financial information for the year ended and as at 31 March 2020 included in the accompanying consolidated financial statements: As further explained in note 49 to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., Netherlands, the erstwhile subsidiary company, was sold to Sona Autocomp Holdings Private Limited on 4 July 2019, and the Holding Company therefore, lost control over the erstwhile subsidiary company from 5 July 2019 onwards. Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries ('SONA BV Group') for the period 1 April 2019 to 4 July 2019 ("the specified period"), the consolidated financial information of SONA BV Group for the specified period had not been included in the consolidated financial statements of the Group for the previous year ended 31 March 2020. Such accounting treatment was not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and accordingly, our audit report dated 29 December 2020 on the

consolidated financial statements of the Group for the year ended 31 March 2020 was qualified with respect to this matter.

As further mentioned in our Basis for Qualified Opinion section of our report dated 29 December 2020, had the consolidated financial statements of the Group been prepared after considering the consolidated financial information of in Sona BV Group for the specified period the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount with no effect on the consolidated profit of the Group for the year ended 31 March 2020 and its equity attributable to the owners on that date. However, in absence of necessary financial information, we were unable to quantify the impact of aforesaid misstatement on such items and related disclosures required under Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations on the consolidated financial statements for the year ended 31 March 2020."

(e) Consolidated Financial Statements for Fiscal 2020:

"As stated in note 49 to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., The Netherlands, the erstwhile subsidiary company, which was classified as a discontinued operation' in the consolidated financial statements for previous year ended 31 March 2019, was sold to Sona Autocomp Holdings Private Limited on 4 July 2019, and the Holding Company therefore, did not exercise control over the erstwhile subsidiary company from 5 July 2020 onwards Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries ('SONA BV Group') for the period 1 April 2019 to 4 July 2019, the consolidated financial Information of SONA BV Group for the period 1 April 2019 to 4 July 2019 (the current year period") has not been included in the accompanying consolidated financial statements for the year ended 31 March 2020, and the assets and liabilities of SONA BV Group have been derecognized at their respective carrying values as at 31 March 2019 instead of 4 July 2019. The said accounting treatment is not in compliance with the requirements of Ind AS 110-Consolidated Financial Statements.

Had the accompanying consolidated financial statements been prepared after considering the consolidated financial statements of SONA BV Group for the period 1 April 2019 to 4 July 2019, the "Profit or Loss from discontinued operations would have been higher and "Exceptional item would have been lower by the same amount with no effect on the consolidated profit of the Group for the year ended 31 March 2020 and its equity attributable to the owners on that date. However, in absence of necessary financial information, we are unable to quantify such impact on the said items in the accompanying consolidated financial statements, and the consequential impact thereof, on the disclosures given under Note 49 as per the requirements of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations."

K. Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company and our Subsidiaries.

Nature of case	Number of cases	Amount involved (in ₹ million)*
Company		
Direct Tax	10	80.81
Indirect Tax	3	284.05
Total (A)	13	364.86
Subsidiaries		
Direct Tax	2	8.38
Indirect Tax	-	-
Total (B)	2	8.38

* To the extent quantifiable

STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, Walker Chandiok & Co LLP, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a shareholders' resolution at the 26th Annual General Meeting of the Company held on July 14, 2022, for a period of five years from July 14, 2022, until the conclusion of the 31st Annual General Meeting of the Company.

Walker Chandiok & Co LLP, 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***" beginning on page 259.

The peer review certificate of our Statutory Auditors is valid as of the date of this Placement Document.

FINANCIAL INFORMATION

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Independent Auditor's Report

To the Members of Sona BLW Precision Forgings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Sona BLW Precision Forgings Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2024, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, 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.



Walker Chandiook & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill and brands having indefinite useful life (together 'intangibles')</p> <p>As detailed in Note 46 to the consolidated financial statements, the Company carries goodwill amounting to ₹ 3,518.31 million and brands amounting to ₹ 687.40 million in its consolidated balance sheet as at March 31, 2024.</p> <p>Goodwill was recorded on the acquisition of Comstar Automotive Technologies Private Limited, Comstar Automotive Hong Kong Limited, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited which are involved in design, manufacturing and selling of starter motors and motor and vehicle accessories and Goodwill recorded on the acquisition of Novelic d.o.o. Beograd which is involved in the business of development of automobile products based on radar and sensor technology. The Goodwill so recorded has been allocated to respective Cash Generating Units ("CGUs") by the management.</p> <p>The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.</p> <p>Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ("Model").</p> <p>Key assumptions used in management's assessment of the carrying amount of goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, amongst others.</p> <p>The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2024.</p> <p>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <p>a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management;</p> <p>b) Evaluated the design and tested the operating effectiveness of controls related to aforementioned process of impairment testing;</p> <p>c) Obtained the impairment analysis carried out by the management and tested its mathematical accuracy. Understood and evaluated the basis of identification of CGUs to which goodwill is allocated for impairment assessment;</p> <p>d) Traced the cash flows considered in future projections to approved business plans and compared past projections with actual results to evaluate efficacy of the business projections process;</p> <p>e) Evaluated the inputs and assumptions used by the management in future projections with respect to revenue and cost growth trends for reasonableness thereof, basis our understanding of the business and market trends;</p> <p>f) Engaged auditor's valuation experts to assess appropriateness of the valuation methodology applied and the reasonableness of the assumptions used including discount rate and long-term growth rates, basis comparison to economic and industry forecasts where appropriate;</p> <p>g) Performed sensitivity analysis on these key assumptions to assess the degree of estimation uncertainty involved in the estimates and</p> <p>h) Assessed the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements in accordance with the accounting standards.</p>



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

<p>Business combinations</p> <p>As set out in note 49 to the Consolidated financial statements, the Group has completed the acquisition of 54% share capital and voting rights in Novelic d.o.o. Beograd on 6 September 2023 during the year, as per terms of the definitive documents executed in this regard.</p> <p>This acquisition has been concluded as a business combination under Ind AS 103, 'Business Combinations' and has resulted in recognition of goodwill, customer relationship, capitalized development expenditure and intangibles under development, apart from other identifiable assets and liabilities acquired. The Company has performed a purchase price allocation by allocating the purchase consideration paid to the respective fair values of the assets and liabilities acquired as above.</p> <p>The identification and valuation of acquired assets and liabilities including intangible assets involve significant management judgement in terms of making estimates and assumptions including the discount rate and growth rate assumptions which have high estimation uncertainty.</p> <p>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the fair value of assets and liabilities acquired, we have determined the accounting for business combination as a key audit matter for the current year audit.</p>	<p>Our audit procedures included, but was not limited to the following procedures:</p> <p>a) Obtained and understood the terms of the arrangement underlying the business acquisition made by the Holding Company during the year to confirm the determination of control and the acquisition date in accordance with Ind AS 103;</p> <p>b) Assessed the competence and objectivity of the management's expert and gained an understanding of the work done by the management's valuation expert.</p> <p>c) Obtained report of the management's external valuation specialist for the valuations performed of assets and liabilities acquired for the purpose of purchase price allocation;</p> <p>d) Involved our auditor's valuation experts to assist us in validating the valuation assumptions and methodology considered by the management's expert to allocate the purchase price to identifiable assets and liabilities;</p> <p>e) Assessed the reasonableness of the management estimates and judgements used to fair value the identifiable assets and liabilities and identifiable intangible assets acquired;</p> <p>f) Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements, in accordance with applicable accounting standards.</p>
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Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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 Standards on Auditing 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.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries covered under the Act, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



Walker Chandiook & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the 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.
12. 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.
 13. 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.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Matter

15. We did not audit the financial statements of 10 subsidiaries, whose financial statements reflects total assets of ₹3,997.88 million as at 31 March 2024, total revenues of ₹4,447.87 million and net cash inflows amounting to ₹497.60 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Further, all of these subsidiaries, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

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 matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Holding Company, incorporated in India whose financial statements have been audited under the Act have paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that two subsidiaries incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiaries.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of companies included in the consolidated financial statements for the year ended 31 March 2024 and covered under the Act we report that following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2024 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause (xvii)

18. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - 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 except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
 - The consolidated financial statements 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;
 - In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - On the basis of the written representations received from the directors of the Holding Company and its subsidiaries and taken on record by the Board of Directors of the Holding Company and its subsidiaries covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.
 - The modification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 18(b) above on reporting under section 143(3)(b) of the Act and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 40 to the consolidated financial statements;
 - ii. The Holding Company and its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries covered under the Act, during the year ended 31 March 2024.
- iv.a. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 51 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any person(s) or entity(ies), including foreign entities ("the 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 Holding Company, or any such subsidiaries ("the Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the note 51 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries from any person(s) or entity(ies), including foreign entities ("the Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries 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; and
- c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The interim dividend declared and paid by the Holding Company and its subsidiaries during the year ended 31 March 2024 and until the date of this audit report is in compliance with section 123 of the Act. The final dividend paid by the Holding Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 35 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

- vi. Based on our examination which included test checks, performed by us on the Holding Company and its subsidiaries incorporated in India and audited under the Act, the Holding Company, and its subsidiaries in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature was not enabled at database level for accounting software to log any direct data changes. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software where such feature is enabled.

For **Walker ChandioK & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Membership No.: 517273

UDIN: 24517273BKEXFA1856



Place: New Delhi

Date: 30 April 2024

Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2024 (Cont'd)

Annexure 1

List of entities included in the consolidated financial statements

S.No. Name of the holding Company

1. Sona BLW Precision Forgings Limited

Name of subsidiaries

- 1 Comstar Automotive Technologies Services Private Limited
- 2 Comstar Automotive USA LLC
- 3 Comstar Automotive Hongkong Limited
- 4 Comestel Automotive Technologies Mexicana Ltd
- 5 Comstar Automotive (Hangzhou) Co., Ltd
- 6 Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
- 7 Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
- 8 Comstar Hong Kong Mexico No. 1, LLC
- 9 Sona Comstar eDrive Private Limited
- 10 Sona BLW eDrive Mexicana, S.A.P.I. DE C.V.
- 11 Novelic d.o.o. Beograd*
- 12 Novelic SRL*
- 13 Novelic ESC DOOEL SKOPJE*
- 14 NIRSEN D.O.O*

* acquired as on 06 September 2023



Walker Chandiook & Co LLP

Annexure II

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the 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 the Company's business, including adherence to the 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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Chartered Accountants



Walker Chandiok & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited on the consolidated financial statements for the year ended 31 March 2024

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273
UDIN: 24517273BKEXFA1856



Place: New Delhi
Date: 30 April 2024

SONA BLW PRECISION FORGINGS LIMITED
Consolidated Balance Sheet as at 31st March 2024
(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	As at 31st March 2024	As at 31st March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,117.30	8,209.32
Right-of-use assets	4	2,397.87	1,434.42
Capital work-in-progress	4	946.01	693.55
Goodwill	5	3,518.31	1,758.09
Other intangible assets	5	4,471.91	4,474.31
Intangible assets under development	5	2,690.48	217.79
Financial assets			
(i) Investments	6	100.37	44.93
(ii) Other financial assets	7	110.23	92.37
Income tax assets (net)	8	271.61	273.03
Other non-current assets	9	953.29	598.26
Total non-current assets		24,577.38	17,596.07
Current assets			
Inventories	10	3,474.91	3,229.41
Financial assets			
(i) Investments	6	316.40	2,280.81
(ii) Trade receivables	11	6,482.63	6,088.52
(iii) Cash and cash equivalents	12	910.05	441.08
(iv) Bank balances other than (iv) above	13	1,831.59	257.28
(v) Other financial assets	7	25.53	2.91
Other current assets	9	1,036.64	702.17
Total current assets		14,071.75	13,002.18
Total assets		38,649.13	30,598.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(A)	5,864.48	5,854.05
Other equity	15 (A)	20,638.80	17,047.95
Non-controlling interest	15 (B)	1,497.77	
Total equity		28,001.05	22,902.00
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16 (i)	292.05	486.74
(ii) Lease liabilities	43	1,691.73	659.30
(iii) Other financial liabilities	17	508.71	1.74
Provisions	18	252.60	184.56
Deferred tax liabilities	19	1,261.19	876.24
Total non-current liabilities		4,006.29	2,208.58



SONA BLW PRECISION FORGINGS LIMITED

Consolidated Balance Sheet as at 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	As at 31st March 2024	As at 31st March 2023
Current liabilities			
Financial liabilities			
(i) Borrowings	16 (ii)	2,038.54	1,687.94
(ii) Lease liabilities	43	99.01	117.92
(iii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises		519.88	471.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,461.17	2,018.32
(iv) Other financial liabilities	17	1,046.03	786.42
Other current liabilities	21	308.63	243.67
Provisions	18	77.01	54.29
Current tax liabilities (net)	22	91.53	108.09
Total current liabilities		6,641.80	5,487.67
Total Liabilities		10,648.09	7,696.25
Total equity and liabilities		38,649.13	30,598.25

The summary of material accounting policies and other explanatory information form an integral part of these Consolidated financial statements

1 to 54

This is the consolidated balance sheet referred to in our report of even date.

For Walker ChandioK & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/NS500013

Arum Tandon

Arum Tandon

Partner

Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. Kapur

Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Vivek Vikram Singh

Vivek Vikram Singh
Managing Director and
Group Chief Executive
Officer
INN: 07698495

Rohit Nanda

Rohit Nanda
Group Chief Financial
Officer

Ajay Pratap Singh

Ajay Pratap Singh
Company Secretary

M.No. - FCS-5253



Place: New Delhi
Date: 30th April, 2024

Place: Gurugram
Date: 30th April, 2024

SONA BLW PRECISION FORGINGS LIMITED
Consolidated Statement of Profit and Loss for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	For the year ended 31st March 2024	For the year ended 31st March 2023
Income			
Revenue from operations	23	31,847.70	26,550.10
Foreign exchange gain (net)		0.12	205.85
Other income	24	239.48	115.88
Total income		32,087.30	26,871.83
Expenses			
Cost of materials consumed	25 (b)	14,058.29	11,795.48
Changes in inventories of finished goods and work-in-progress	25 (b)	(316.94)	404.15
Employee benefits expense	26	2,501.34	1,803.54
Finance costs	27	257.98	169.27
Depreciation and amortisation expense	28	2,202.25	1,780.04
Other expenses	29	6,584.16	5,794.61
Total expenses		25,287.08	21,747.09
Profit before exceptional items and tax		6,800.22	5,124.74
Exceptional item	30	87.16	33.69
Profit before tax		6,713.06	5,091.05
Tax expense	31		
- Current tax		1,566.51	1,178.54
- Tax related to previous years		(27.91)	(33.37)
- Deferred tax (credit)		(3.30)	(7.09)
Total tax expense		1,535.30	1,138.08
Profit for the year		5,177.76	3,952.97
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair values of equity instruments carried at fair value through other comprehensive income		-	(40.05)
Remeasurements (losses)/gains on defined benefit plans		(23.37)	2.34
Income tax relating to above mentioned item		5.89	(0.60)
Exchange difference on translation of foreign subsidiaries		36.61	100.35
<i>Items that will be reclassified to profit or loss</i>			
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge		11.75	17.12
Income tax relating to above mentioned item		(2.96)	(4.34)
Other comprehensive income for the year		27.92	74.82
Total comprehensive income for the year		5,205.67	4,027.79
Profit attributable to:			
a) Owners of the parent		5,172.67	3,952.97
b) Non-controlling interests		5.09	-
Other comprehensive income attributable to:			
a) Owners of the parent		22.70	74.82
b) Non-controlling interests		5.22	-
Total comprehensive income attributable to:			
a) Owners of the parent		5,195.37	4,027.79
b) Non-controlling interests		10.31	-
Earnings per equity share of face value of ₹ 10 each			
Earnings per share (Basic) (in ₹)	38	8.83	6.76
Earnings per share (Diluted) (in ₹)	38	8.83	6.75

The summary of material accounting policies and other explanatory information form an integral part of these Consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For Walker Chandniok & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. O. 3

Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda

Rohit Nanda
Group Chief Financial Officer

Vivak Vikram Singh

Vivak Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698415

Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253



SONA BLW PRECISION FORGINGS LIMITED
Consolidated Cash Flow Statement for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
A. Cash flows from operating activities		
Profit before income tax	6,713.05	5,091.05
<i>Adjustments for:</i>		
Depreciation and amortisation expense	2,202.25	1,780.04
Loss/(Profit) on sale of property plant and equipment (net)	2.00	(0.61)
(Reversal)/Allowance for doubtful receivables	(46.19)	43.84
Share based payments	158.85	30.18
Unwinding of discount on fair valuation of security deposits	(1.35)	(1.34)
Provision for slow moving inventory	6.24	11.01
Fair value loss on derivatives	(11.68)	60.11
Provision for warranty	42.13	20.04
Unwinding of discount on deferred payment liabilities	27.74	
Finance costs	251.72	161.20
Interest income	(209.17)	(112.46)
Unrealised foreign exchange (gain) (net)	(11.07)	(17.93)
Operating profit before working capital changes	9,124.52	7,065.13
Changes in working capital		
Movement in inventories	(214.29)	434.82
Movement in trade receivables	(387.79)	(1,553.28)
Movement in financial assets	(41.18)	36.86
Movement in other assets	(724.40)	81.80
Movement in trade payable	354.64	306.11
Movement in financial liabilities	104.96	28.34
Movement in provision	170.29	12.87
Movement in other liabilities	93.42	22.71
Cash generated from operations	8,480.17	6,435.36
Direct taxes paid	(1,552.66)	(1,102.47)
Net cash flow generated from operating activities - Total (A)	6,927.51	5,332.89
B. Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(3,195.31)	(3,352.41)
Proceeds from sale of property, plant and equipment	4.07	1.56
Fixed deposits created during the year	(4,858.54)	(2,741.75)
Fixed deposits matured during the year	3,274.01	2,719.69
Sale/(Purchase) of current investment (net)	1,966.94	(2,207.57)
(Purchase) of Non-current investment (includes Rs. 2,147.32 million for acquisition of subsidiary, refer note 49)	(2,110.41)	(79.48)
Interest received	204.03	30.91
Net cash (used) in investment activities - Total (B)	(4,715.21)	(5,629.05)
C. Cash flows from financing activities		
Proceeds from short term borrowings (net)	195.15	1,333.92
Repayment of long term borrowings	(100.76)	(12.50)
Proceeds from long term borrowings	-	150.00
Repayment of deferred payment liabilities	(27.74)	-
Repayment of lease liabilities	(61.03)	(35.25)
Interest paid on lease liabilities	(87.24)	(77.51)
Dividend paid	(1,792.94)	(1,199.27)
Net proceeds from issue of equity shares (including securities premium)	40.00	40.34
Increase in investment by minority shareholders	260.02	-
Interest paid	(172.92)	(12.28)
Net cash flow (used) in/ generated from financing activities - Total (C)	(1,747.46)	187.45



SONA BLW PRECISION FORGINGS LIMITED
Consolidated Cash Flow Statement for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
D Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	464.84	(108.71)
E. Cash and cash equivalents at the beginning of the year	441.08	536.06
F. Effect of exchange differences on cash and cash equivalents	4.14	13.73
G Cash and cash equivalents at the end of the year (D)+(E)	910.05	441.08
Reconciliation of cash and cash equivalents as per the cash flow statement (refer note 12)		
Cash and cash equivalents as per above comprise of the following		
Balances in current accounts	555.94	200.23
Cash on hand	0.10	0.08
Cheque on hand	2.29	-
Bank deposits with original maturity of less than three months	351.72	240.77
Balances per statement of cash flows	910.05	441.08

Note: Refer note 16 for reconciliation of liabilities arising from financing activities.

The summary of material accounting policies and other explanatory information form an integral part of these consolidated financial statements. 1 to 54

This is the consolidated statement of cash flows referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon

Partner

Membership No: 517273



S. Kapur

Sunjay Kapur

Non Executive Chairman

DIN: 00145529

Rohit Nanda

Rohit Nanda

Group Chief Financial Officer

Vivek Vikram Singh

Vivek Vikram Singh

Managing Director and

Group Chief Executive Officer

DIN: 07698495

Ajay Pratap Singh

Ajay Pratap Singh

Company Secretary

M.No. - FCS-5253



Place: New Delhi

Date: 30th April, 2024

Place: Gurugram

Date: 30th April, 2024

SONA BLW PRECISION FORGINGS LIMITED
 Consolidated Statement of Changes in Equity for the year ended 31st March 2024
 (Figures in Million ₹, unless stated otherwise)

A. Equity share capital

	Amount
Balance as at 1 April 2022	5,843.53
Equity share issued during the year (refer note 14)	10.52
Balance as at 31 March 2023	5,854.05
Equity share issued during the year (refer note 14)	10.43
Balance as at 31 March 2024	5,864.48

B. Other equity

	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow hedge reserve	Foreign currency translation reserve	Merger Reserve	Total Attributable to the equity share holders of the parent	Non-controlling interest	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings							
Balance as at 1 April 2022	120.00	5,522.99	25.93	64.53	7,958.43	(328.28)	-	58.62	737.23	14,159.44	-	14,159.44
Net profit for the year	-	-	-	-	3,952.97	-	-	-	-	3,952.97	-	3,952.97
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax) (refer note 48)	-	-	-	-	-	-	12.78	-	-	12.78	-	12.78
Changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	-	-	(40.05)	-	-	-	(40.05)	-	(40.05)
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	1.74	-	-	-	-	1.74	-	1.74
Dividend paid	-	-	-	-	(1,199.27)	-	-	-	-	(1,199.27)	-	(1,199.27)
Employee stock option reserve created during the year	-	-	-	30.18	-	-	-	-	-	30.18	-	30.18
Impact on exercise of ESOPs grants (Refer Note 45)	-	48.68	-	(48.68)	-	-	-	-	-	-	-	-
Premium on ESOPs Issue	-	29.81	-	-	-	-	-	-	-	29.81	-	29.81
Foreign currency translation during the year	-	-	-	-	-	-	100.35	-	-	100.35	-	100.35
Balance as at 31 March 2023	120.00	5,601.48	25.93	46.03	10,713.87	(368.33)	12.78	158.97	737.23	17,047.95	-	17,047.95
Balance as at 1 April 2023	120.00	5,601.48	25.93	46.03	10,713.87	(368.33)	12.78	158.97	737.23	17,047.95	-	17,047.95
Effect of business combination (Refer note 49)	-	-	-	-	-	-	-	-	-	-	1,487.46	1,487.46
Net profit for the year	-	-	-	-	5,172.67	-	-	-	-	5,172.67	5.09	5,177.76
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax) (refer note 48)	-	-	-	-	-	-	8.79	-	-	8.79	-	8.79
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(17.48)	-	-	-	-	(17.48)	-	(17.48)
Dividend paid (refer note 35)	-	-	-	-	(1,792.94)	-	-	-	-	(1,792.94)	-	(1,792.94)
Employee stock option reserve created during the year	-	-	-	158.86	-	-	-	-	-	158.86	-	158.86
Impact on exercise of ESOPs grants (Refer Note 45)	-	49.78	-	(49.78)	-	-	-	-	-	-	-	-
Premium on ESOPs Issue	-	29.55	-	-	-	-	-	-	-	29.55	-	29.55
Foreign currency translation during the year	-	-	-	-	-	-	31.39	-	-	31.39	5.22	36.61
Balance as at 31 March 2024	120.00	5,680.81	25.93	155.11	14,076.12	(368.33)	21.57	190.56	737.23	20,638.80	1,497.77	22,136.57

This is the consolidated statement of changes in equity referred to in our report of evca. date.

For Walker Chandio & Co LLP
 Chartered Accountants
 Firm Registration No. : 001076N/NS00013

Arun Tandon

Arun Tandon
 Partner
 Membership No: 517273



S. P. 3.

Sunjay Kapur
 Non Executive Chairman
 DIN: 00145529

Rohit Nanda

Rohit Nanda
 Group Chief Financial Officer

For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Vikram Singh
Vikram Singh
 Managing Director and Group Chief Security Officer
 DIN: 0769195

Ajay Prakash Singh
Ajay Prakash Singh
 Company Secretary
 M.No. - FCS-5253

Place: New Delhi
 Date: 30th April, 2024



Place: Gurugram
 Date: 30th April, 2024

Sona BLW Precision Forgings Limited
Summary of material accounting policies and other explanatory information to the consolidated
financial statements for the year ended 31 March 2024

1. Group overview

Sona BLW Precision Forgings Limited (the “Parent Company” or the “Company”), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as “the Group”) are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications

2. Group Companies

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited and its subsidiaries (hereinafter referred together referred to as ‘Group’) which are listed below:

Name of Subsidiary	Country of incorporation	Nature of operations	Proportion of ownership (%) as at 31 March 2024	Proportion of ownership (%) as at 31 March 2023
Comstar Automotive USA LLC	USA	Auto ancillary business	100%	100%
Comestel Automotive Technologies Mexicana Ltd	Hong Kong	Auto ancillary business	100%	100%
Comstar Automotive (Hangzhou) Co., Ltd	China	Auto ancillary business	100%	100%
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	Auto ancillary business	100%	100%
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	Auto ancillary business	100%	100%
Sona Comstar eDrive Private Limited	India	Auto ancillary business	100%	100%
Sona BLW Edrive Mexicana, S.A.P.I DE C.V. (w.e.f. from 22 September 2023)	Mexico	Auto ancillary business	100%	Nil
Comstar Automotive Technologies Services Private Limited	India	Administrative services to fellow subsidiaries	100%	100%
Comstar Hong Kong Mexico No. 1, LLC	USA	Dormant	100%	100%
Comstar Automotive Hong Kong Ltd.	Hong Kong	Investment company	100%	100%
NOVELIC d.o.o. Beograd (w.e.f. from 06 September 2023)	Serbia	ER&D Services	54%	Nil
NOVELIC SRL (w.e.f. from 06 September 2023)	Romania	ER&D Services	*	Nil
NOVELIC ESC DOOEL SKOPJE (w.e.f. from 06 September 2023)	North Macedonia	ER&D Services	*	Nil
NIRSEN D.O.O (w.e.f. from 06 September 2023)	Serbia	ER&D Services	*	Nil

*subsidiary of NOVELIC d.o.o. Beograd.

3. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.



Sona BLW Precision Forgings Limited
Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

a) Basis of preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Material Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as “Consolidated Financial Statements”). The Consolidated Financial Statements has been prepared to comply in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. All significant intercompany transactions and balances between Group entities are eliminated on consolidation. The Company’s equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE).

These CFS have been prepared using the material accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans – plan assets measured at fair value

b) Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

c) Basis of consolidation

The consolidated financial statements includes the financial statements of the Company, its subsidiaries and the entities controlled by the Group as at March 31, 2024. Control is achieved when the Group:

- has power over the investee;
- has the ability to use its power to affect its return; and,
- is exposed, or has rights, to variable returns from its involvement with the investee

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.



Sona BLW Precision Forgings Limited
Summary of material accounting policies and other explanatory information to the consolidated
financial statements for the year ended 31 March 2024

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

d) Property, plant and equipment and capital work in progress

Freehold land is carried at cost. All other items of property, plant and equipment and capital work in progress are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory Buildings	3 to 30
Plant and equipment	1 to 25
Furniture and fixtures	3-10
Computers and IT equipment	3
Vehicles	4 to 8
Office equipment	1-5
Leasehold improvements	Over the effective term of lease

In case of subsidiaries, the following useful lives have been used by the Group:

Asset category	Useful life (in years)
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years



Sona BLW Precision Forgings Limited
Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its 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.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation methods and periods.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	1 to 6
Technical knowhow	6
Brand	Indefinite



Sona BLW Precision Forgings Limited
Summary of material accounting policies and other explanatory information to the consolidated
financial statements for the year ended 31 March 2024

Asset class	Useful life (in years)
Customer Relationship	15
Goodwill	Indefinite
Technology development expenditure	5

The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss under the head Depreciation and amortization expense.

Derecognition:

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

Intangible assets - Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

f) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue from sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price. The transaction price of goods sold is net of variable consideration on account of discounts. Revenue is disclosed exclusive of goods and services tax.

Other incomes

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.



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Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

Revenue from contract with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period



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and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

h) Leases

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. 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. 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 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 recognises 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 right to extend the lease. ROU assets and lease liabilities includes 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.

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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

i) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at



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FVTPL which are measured initially at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Financial assets at amortised cost

A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.



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Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

Hedge accounting

The Company designates certain hedging instruments mainly derivatives, in respect of foreign currency risk, as cash flow hedges to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

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 Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

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 and Loss, and is included in the 'Other income'/'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item. However, when the



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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 included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

j) Impairment of financial assets

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach required by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the



date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

k) Impairment of non-financial assets

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

m) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.



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Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

o) Employee benefits

i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

ii) Post-employment benefits

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

iii) Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

iv) Termination benefits are recognized as an expense immediately.



p) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

r) Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.



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Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

t) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.



u) Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

v) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

3. (B) Application of new and revised Indian Accounting Standard (Ind AS)

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies – amendments to Ind AS 1
- Definition of accounting estimates – amendments to Ind AS 8

These amendments did not have any material impact on the Company. For the year ended March 31, 2024, MCA has not notified any new standards applicable to the Company.

3. (C) Significant accounting judgements, estimates and assumptions



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The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

a) Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

c) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

d) Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

e) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f) Impairment of non-financial assets and goodwill

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements



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include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

h) Measurement of share based payments;

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds)

i) Capitalisation of internally developed intangible assets

The Group applies judgement in determining at what point the recognition criteria under Ind AS 38 is satisfied with respect to technology development expenditure being incurred.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

4 Property, plant and equipment, Capital work-in-progress (CWIP) and Right of Use Asset (ROU)

	Freehold land			Buildings (Refer note i)			Plant and equipment (Refer note ii)			Furniture and fixtures			Office Equipment			Computers			Vehicles			Leasehold improvement			Total			Right-of-use assets			Total
	25.95	585.20	387.51	2,912.69	36.94	(186.08)	69.10	109.74	109.74	142.47	155.25	146.25	7,632.76	1,408.63	925.43	823.82	1,749.25														
Gross block as at 31st April 2022	25.95	585.20	387.51	2,912.69	36.94	(186.08)	69.10	109.74	109.74	142.47	155.25	146.25	7,632.76	1,408.63	925.43	823.82	1,749.25														
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-														
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-														
Transfer on capitalisation#	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-														
Foreign currency translation reserve	0.30	2.59	16.18	0.49	0.49	0.03	0.37	0.48	0.29	0.48	0.29	0.48	0.29	0.48	0.29	0.48	0.29														
Gross block as at 31st March 2023	26.25	1,175.30	9,141.60	96.54	147.17	195.34	196.58	1,132.38	693.55	925.43	830.63	1,756.06																			
Accumulated depreciation as at 1st April 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-														
Depreciation charge during the year	-	40.06	1,005.01	10.79	15.66	(4.02)	38.74	31.06	13.42	13.16	69.86	83.02																			
Disposals	-	-	(186.08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-														
Foreign currency translation reserve	0.57	7.08	0.53	0.52	0.46	9.46	3.47	3.47	3.47	3.47	3.47	3.47																			
Accumulated depreciation as at 31st March 2023	-	152.99	2,403.43	39.67	79.91	118.64	67.12	2,923.27	61.51	51.71	269.93	321.64																			
Net carrying amount as at 31st March 2023	26.25	1,022.31	6,738.17	56.86	67.26	76.70	129.46	829.29	873.72	560.70	1,434.42																				
Gross block as at 1st April 2023	26.25	1,175.30	9,141.60	96.54	147.17	195.34	196.58	1,132.38	693.55	925.43	830.63	1,756.06																			
Add: Effect of business combination (Refer note 4f)	-	-	47.50	10.35	57.85	225.88	225.88																								
Gross block after effect of business combination	26.25	1,175.30	9,189.10	96.54	157.52	195.34	196.58	1,190.43	693.55	925.43	1,056.51	1,981.94																			
Additions	-	93.94	2,119.70	25.40	32.83	41.68	84.45	2,399.05	2,627.27	839.00	839.00																				
Disposals	-	-	(57.79)	(1.81)	(0.03)	(2.61)	(30.61)	(92.85)	(2,374.82)	-	-	-																			
Transfer on capitalisation#	-	-	-	-	-	-	-	-	-	-	-	-																			
Foreign currency translation reserve	0.40	0.32	3.51	0.25	0.02	0.15	0.46	5.11	0.00	0.53	0.53																				
Gross block as at 31st March 2024	26.65	1,269.56	11,244.31	120.37	190.34	234.56	250.87	1,548.88	946.01	925.43	1,896.03	2,821.46																			
Accumulated depreciation as at 1st April 2023	-	-	-	-	-	-	-	-	-	-	-	-																			
Add: Effect of business combination (Refer note 4f)	-	-	29.21	29.21	29.21	29.21	29.21	29.21	29.21	29.21	29.21	29.21																			
Accumulated depreciation after effect of business combination	-	-	2,432.64	39.67	79.91	118.64	67.12	2,932.48	61.51	51.71	269.93	321.64																			
Depreciation charge during the year	-	51.27	1,331.72	14.13	16.25	46.69	39.16	1,513.16	13.94	2.64	99.93	102.56																			
Disposals	-	-	(55.30)	(1.81)	(0.03)	(2.61)	(23.26)	(83.01)	-	-	-	-																			
Foreign currency translation reserve	-	-	1.19	0.13	0.08	0.40	1.80	(0.61)	(0.61)	(0.61)	(0.61)																				
Accumulated depreciation as at 31st March 2024	-	204.26	3,710.26	52.12	96.13	162.79	83.42	4,384.44	75.45	54.34	369.24	423.59																			
Net carrying amount as at 31st March 2024	26.65	1,065.30	7,544.25	68.25	94.21	71.76	167.46	79.42	9,117.30	871.09	1,526.79	2,397.87																			

Transfer on capitalisation also includes amount transferred to intangible assets.

CWIP aging schedule as at 31st March, 2024

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	2-3 years	More than 3 years	
Projects in progress*	908.17	37.83	-	946.01

* There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

CWIP aging schedule as at 31st March, 2023

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	2-3 years	More than 3 years	
Projects in progress*	689.12	3.46	0.98	693.55

* There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan other than stated in point (v) below.

Notes:

- (i) Building (gross block) amounting ₹ 1,022.27 million (31 March 2023: ₹ 1,012.16 million), net block ₹ 824.55 million (31 March 2023: ₹ 857.59 million) is constructed on leasehold land.
- (ii) Refer note 4i for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) Refer note 16 for information on property, plant and equipment pledged as security by the company.
- (iv) Property, plant and equipment, Capital work-in-progress include gross assets amounting to Rs. 425.44 million (March 31 2023 : Rs. 359.35 million) relating to development.
- (v) Property, plant and equipment (net carrying amount) of ₹ 134.94 million (31 March 2023 : ₹ 131.00 million) and capital work in progress of ₹ 26.29 million (31 March 2023 : ₹ 28.00 million) is fully or partially completed but not yet included in the financial statements relating to projects in progress which have crossed the budgeted period.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

5 Intangible assets, Intangible assets under development and Goodwill

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure	Brand #	Customer relationships	Total	Intangible assets under development#	Goodwill on consolidation (Including assembled workforce)#
Gross block as at 1st April 2022	274.46	31.15	992.90	687.40	4,009.00	5,994.91	65.20	1,758.09
Additions	126.78	-	-	-	-	126.78	265.64	-
Transfer to intangible assets	-	-	-	-	-	-	(113.05)	-
Gross block as at 31st March 2023	401.24	31.15	992.90	687.40	4,009.00	6,121.69	217.79	1,758.09
Accumulated amortisation as at 1st April 2022	120.10	21.87	230.59	-	732.44	1,105.00	-	-
Amortisation charge for the year	71.63	5.07	198.60	-	267.07	542.38	-	-
Closing accumulated amortisations at 31st March 2023	191.73	26.94	429.20	-	999.51	1,647.38	-	-
Net carrying amount as at 31st March 2023	209.51	4.21	563.70	687.40	3,009.49	4,474.31	217.79	1,758.09
Gross block as at 1st April 2023	401.24	31.15	992.90	687.40	4,009.00	6,121.69	217.79	1,758.09
Add: Effect of business combination (Refer note 49)	-	-	348.10	-	187.44	535.54	2,138.46	1,760.22
Gross block after effect of business combination	401.24	31.15	1,341.00	687.40	4,196.44	6,657.23	2,356.25	3,518.31
Additions	46.78	-	-	-	-	46.78	380.42	-
Transfer to intangible assets	-	-	-	-	-	-	(43.22)	-
Foreign currency translation reserve	-	-	-	-	-	-	(2.97)	-
Gross block as at 31st March 2024	448.02	31.15	1,341.00	687.40	4,196.44	6,704.01	2,690.48	3,518.31
Accumulated amortisation as at 1st April 2023	191.73	26.94	429.20	-	999.51	1,647.38	-	-
Add: Effect of business combination (Refer note 49)	-	-	-	-	-	-	-	-
Accumulated amortisation after effect of business combination	191.73	26.94	429.20	-	999.51	1,647.38	-	-
Amortisation charge for the year	82.14	1.67	211.84	-	289.07	584.72	-	-
Closing accumulated amortisations at 31st March 2024	273.87	28.62	641.04	-	1,288.58	2,232.10	-	-
Net carrying amount as at 31st March 2024	174.15	2.53	699.96	687.40	2,907.86	4,471.91	2,690.48	3,518.31

Refer note 46

Intangible assets under development aging schedule for the year ended March 31, 2024

Particulars	Amount in intangible assets under development for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress*	2,487.16	172.29	31.03	2,690.48

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Intangible assets under development aging schedule for the year ended March 31, 2023

Particulars	Amount in intangible assets under development for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress*	186.24	31.55	-	217.79

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan



SONA BLW PRECISION FORGINGS LIMITED
Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

6	As at 31st March 2024	As at 31st March 2023
Investments		
At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)		
9,553 (31 March 2023: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
Less: Provision for impairment	(211.66)	(211.66)
At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies (non-current)		
392,647 (31 March 2023: 392,647) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
Less: Provision for impairment	(116.62)	(116.62)
Fair value through profit and loss account, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)		
927,639 (31 March 2023: 927,639) equity shares of C-Motive Technologies, Inc.	45.62	44.93
42,716 (31 March 2023: Nil) equity shares of INR 10 each in Clean Max Calypso Private Limitec	54.75	-
Aggregate amount of unquoted non-current investments	100.37	44.93
Aggregate amount of impairment of unquoted investments	328.28	328.28
	As at 31st March 2024	As at 31st March 2023
Investment (current)		
At fair value through profit and loss - Quoted Investment		
173,743.33 units (31 March 2023: 173,743.33) of HDFC Overnight Fund - Regular	278.23	577.68
421,505.70 units (31 March 2023: 421,505.70) of Axis Overnight Fund - Regular	-	499.72
136,764.31 units (31 March 2023: 136,764.31) of SBI Overnight Fund - Regular	-	499.09
113,032.72 units (31 March 2023: 113,032.72) of Kotak Overnight Fund - Regular	-	135.16
411,645.79 units (31 March 2023: 411,645.79) of ABSL Overnight Fund - Regular	-	499.10
JP Morgan 100% US Treasury Securities Money Market Fund	38.17	70.06
	316.40	2,280.81
Aggregate amount of quoted investments at market value	316.40	2,280.81
	As at 31st March 2024	As at 31st March 2023
7 Other financial assets		
Unsecured, considered good		
Non current		
Security deposits	110.23	80.33
Fixed deposits with banks with maturity period of more than 12 months	-	12.04
Total other financial assets- non current	110.23	92.37
Current		
Forward contract receivables (refer note 34 and 48)	18.10	-
Other financial assets	7.43	2.91
Total other financial assets- current	25.53	2.91
Notes:		
i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 33 and 34		
	As at 31st March 2024	As at 31st March 2023
8 Income tax assets (net)		
Non current		
Prepaid taxes *	271.61	273.03
	271.61	273.03

*Amount paid under protest of ₹ 17.47 million (31 March 2023: ₹ 24.48 million)



SONA BLW PRECISION FORGINGS LIMITED
Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

9 Other assets	As at 31st March 2024	As at 31st March 2023
Non current		
Prepaid expenses	18.37	1.69
Un-adjusted consideration for revenue contract	22.18	33.40
Capital advances	454.56	363.17
Other assets	458.18	-
Total other assets- non current	953.29	398.26
Current		
Prepaid expenses	137.50	99.61
Loans and advances to employees	4.90	4.06
Advance to suppliers for goods and services	290.64	193.93
Balance with government authorities	459.83	312.54
Un-adjusted consideration for revenue contract	11.21	11.21
Other assets	146.94	101.20
Less: Allowance for doubtful advances	(20.38)	(20.38)
Total other assets- current	1,030.64	702.17

10 Inventories	As at 31st March 2024	As at 31st March 2023
Raw materials and components *	1,032.70	1,095.21
Work-in-progress**	405.19	324.89
Finished goods***	1,644.21	1,407.57
Stores and spares	138.77	149.03
Loose tools	45.38	55.57
Dies, jigs and fixtures	193.69	185.88
Scrap	14.97	11.26
Total	3,474.91	3,229.41

Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 72.06 million (31 March 2023: ₹ 65.82 million)

* Includes raw materials and components in transit amounting ₹ 89.56 million (31 March 2023: ₹ 111.67 million)

* Includes raw materials and components with the vendors sent for job work ₹ 12.65 million (31 March 2023: ₹ 15.13 million)

** Includes inventory with the vendors sent for job work ₹ 153.63 million (31 March 2023: ₹ 126.77 million)

*** Includes goods in transit ₹ 656.82 million (31 March 2023: ₹ 428.92 million)

The cost of inventories recognised as an expense during the year are disclosed in Note 25 & 29.

11 Trade receivables	As at 31st March 2024	As at 31st March 2023
Unsecured		
Trade receivables considered good	6,482.63	6,088.52
Trade receivables - credit impaired	5.07	51.26
Less: Allowances for expected credit loss	(5.07)	(51.26)
Total trade receivables	6,482.63	6,088.52

Notes:

(i) Refer note 37 for receivable balance from related parties.

(ii) Refer note 33 - Financial instruments for assessment of expected credit losses.

(iii) There are no disputed dues from customers

(iv) General credit period is 30 to 90 days.

(v) There is no significant financing component in receivables except mentioned in note 16(ii).



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Trade receivables ageing schedule as at 31st March, 2024

Particulars	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Trade receivables - considered good	5,509.14	936.40	24.55	12.54	-	-	6,482.63
(ii) Trade receivables - credit impaired	-	-	-	0.24	0.26	4.57	5.07

Trade receivables ageing schedule as at 31st March, 2023

Particulars	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Trade receivables - considered good	5,533.54	533.26	15.47	5.34	0.91	-	6,088.52
(ii) Trade receivables - credit impaired	-	46.66	0.44	0.13	1.79	2.25	51.26

12 Cash and cash equivalents

	As at 31st March 2024	As at 31st March 2023
Balance with banks		
- in current accounts*	555.94	200.23
Cash on hand	0.10	0.08
Cheque on hand	2.29	-
Bank deposits with original maturity of less than three months	351.72	240.77
Total cash and cash equivalents	910.05	441.08

* Includes Rs. 0.30 million (31 March 2023 : Rs. 4.05 million) for amount earmarked for corporate social responsibility.

13 Other bank balances

	As at 31st March 2024	As at 31st March 2023
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	1,831.59	257.28
Total other bank balances	1,831.59	257.28

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SONA BLW PRECISION FORGINGS LIMITED
Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)
14 (A) Equity share capital

	As at 31st March 2024	As at 31st March 2023
Authorised share capital		
1,148,500,000 (31 March 2023: 1,148,500,000) equity shares of ₹ 10 each	11,485.00	11,485.00
Issued, subscribed and paid up share capital		
586,447,778 (31 March 2023: 585,404,582) equity shares of ₹ 10 each fully paid up	5,864.48	5,854.05
i) Reconciliation of shares outstanding at the beginning and at the end of the year		
Number of shares	As at 31st March 2024	As at 31st March 2023
Equity shares outstanding at the beginning of the year	585,404,582	584,352,710
Add : Issue of shares (refer note 45)	1,043,196	1,051,872
Equity shares outstanding at the end of the year	586,447,778	585,404,582
Amount	As at 31st March 2024	As at 31st March 2023
Equity shares outstanding at the beginning of the year	5,854.05	5,843.53
Add : Issue of shares	10.43	10.52
Equity shares outstanding at the end of the year	5,864.48	5,854.05

ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iii) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31st March 2024	As at 31st March 2023
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	174,208,904	193,208,904
Axis Mutual Fund	39,675,502	36,816,647
Government Of Singapore	38,283,615	31,342,849
Sbi Mutual Fund	34,400,633	34,844,885
Mirac Mutual Fund	13,558,860	33,685,443
Percentage	As at 31st March 2024	As at 31st March 2023
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	29.71%	33.00%
Axis Mutual Fund	6.77%	6.29%
Government Of Singapore	6.53%	5.35%
Sbi Mutual Fund	5.87%	5.95%
Mirac Mutual Fund	2.31%	5.75%

iv) The Board of Directors of the Company had approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the year ended 31 March 2024 and five years immediately preceding the year ended 31 March 2024.

v) Promoters shareholding
Shareholding of promoters as on March 31, 2024

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd.	-	-	-
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	174,208,904	29.71	(3.29)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
*Raghuvanshi Investment Private Limited	744	**	-
Total	174,210,655	29.71	(3.29)



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Shareholding of promoters as on March 31, 2023

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd.	-	-	(34.12)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.00	(0.06)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
*Raghuvanshi Investment Private Limited	744	**	-
Total	193,210,655	33.00	(34.18)

* Promoter Group

** Percentage is negligible

14 (B) Preference share capital

	As at 31st March 2024	As at 31st March 2023
Authorised share capital		
1,500,000 (31 March 2023: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31 March 2023: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	-

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SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

15 (A) Other equity

	As at 31st March 2024	As at 31st March 2023
Retained earnings	14,076.12	10,713.86
General reserve	120.00	120.00
Securities premium	5,680.81	5,601.48
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(368.33)	(368.33)
Employee's stock options reserve	155.11	46.03
Foreign currency translation reserve	190.36	158.97
Cash flow hedge reserve (net of tax) (refer note 48)	21.57	12.78
Merger Reserve	737.23	737.23
Total reserves and surplus	20,638.80	17,047.95

a) Retained earnings

	As at 31st March 2024	As at 31st March 2023
Opening balance	10,713.86	7,958.43
Net profit for the year	5,172.67	3,952.97
Remeasurement of defined benefit obligations, net of tax	(17.48)	1.74
Less:-Dividend paid	(1,792.94)	(1,199.27)
Closing balance	14,076.12	10,713.86

Retained earnings are created from the profits of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

b) General reserve

	As at 31st March 2024	As at 31st March 2023
Opening balance	120.00	120.00
Closing balance	120.00	120.00

In earlier year, the Company transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

c) Securities premium

	As at 31st March 2024	As at 31st March 2023
Opening balance	5,601.48	5,522.99
Premium on fresh issue of equity shares	29.55	29.81
Add : Impact on ESOP shares issuance	49.78	48.68
Closing balance	5,680.81	5,601.48

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

d) Capital redemption reserve

	As at 31st March 2024	As at 31st March 2023
Opening balance	25.93	25.93
Transferred from retained earnings	-	-
Closing balance	25.93	25.93

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier years.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

e) Merger Reserve

	As at 31st March 2024	As at 31st March 2023
Opening balance	737.23	737.23
Movement during the year	-	-
Closing balance	737.23	737.23

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited.

f) Equity instruments through other comprehensive income

	As at 31st March 2024	As at 31st March 2023
Opening balance	(368.33)	(328.28)
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	(40.05)
Closing balance	(368.33)	(368.33)

This represents the changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity.

g) Employee's stock options outstanding reserve

	As at 31st March 2024	As at 31st March 2023
Opening balance	46.03	64.53
Add: Created during the year (refer note 45)	158.86	30.18
Less: Utilised during the year	(49.78)	(48.68)
Closing balance	155.11	46.03

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

h) Foreign currency translation reserve

	As at 31st March 2024	As at 31st March 2023
Opening balance	158.97	58.62
Currency translation during the year	31.39	100.35
Closing balance	190.36	158.97

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

i) Cash flow hedge reserve

	As at 31st March 2024	As at 31st March 2023
Opening balance	12.78	-
Add: Changes in fair value of hedge instruments	(23.60)	(338.36)
Less: Amount reclassified to Profit and loss	35.35	355.48
Less: Deferred tax relating to above (net)	(2.96)	(4.34)
Closing balance	21.57	12.78

Cumulative changes in the fair value of financial instruments designated as effective hedge are recognized in this reserve through OCI (net of taxes). Amounts recognized in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.

15 (B) Non-controlling interest

	As at 31st March 2024	As at 31st March 2023
Opening balance	-	-
Effect of business combination (Refer note 49)	1,487.46	-
Movement during the year	10.31	-
Closing balance	1,497.77	-



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

16 Borrowings

(i) Non - current borrowings

	As at 31st March 2024	As at 31st March 2023
Secured		
Term loans from banks		
Indian rupee loans	486.75	587.50
	<u>486.75</u>	<u>587.50</u>
Less: Amount disclosed under current borrowings (refer note (ii) below)	(194.70)	(100.76)
Total non-current borrowings	292.05	486.74

Notes:

i) Above term loans is secured by first pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only. Second pari passu charge on entire current assets of the Company.

ii) Repayment schedule and Interest rates for the above Term Loans are as follows:

a) Term loan from HDFC bank amounting to Rs. 333.33 million (31 March 2023 : Rs. 400.00 million) is repayable in 12 quarterly instalments w.e.f. October 2023.

b) Term loan from Citi bank amounting to Rs. 62.50 million (31 March 2023 : Rs. 87.50 million) is repayable in 16 quarterly instalments w.e.f. December 2022.

c) Term loan from Citi bank amounting to Rs. 90.92 million (31 March 2023 : Rs. 100.00 million) is repayable in 11 quarterly instalments w.e.f. March 2024.

The interest rate for the above term loans from banks as at 31st March 2024 is a floating interest rate linked with T-bill current effective rate in the range of 8.09%-8.87% p.a (March 31, 2023 : 7.69%-8.89% p.a.).

(ii) Current borrowings

	As at 31st March 2024	As at 31st March 2023
Secured		
Indian Rupee loans repayable on demand from banks (refer note (a) below)	1,737.95	1,442.46
Indian Rupee loans repayable on demand from NBFC (refer note (b) below)	105.89	144.72
Current Maturities of non current borrowings (refer note (i) above)	194.70	100.76
Total current borrowings	2,038.54	1,687.94

Notes:

a) Indian Rupee loans repayable on demand from banks

Above working capital loan is secured by first pari passu charge on entire current assets of the Company and second pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only.

Repayment and rate of interest:

i) Cash credit amounting to Rs. 9.23 million (31 March 2023 : Rs. 7.67 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 9.15 % p.a (31 March 2023 : 8.66% p.a.)

ii) WCDL amounting to Nil (31 March 2023 : Rs. 11.54 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 7.45% p.a (March 31, 2023: 7.45% p.a.)

iii) IPC amounting to Rs. 1,728.72 million (31 March 2023 : 1,432.25 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate in the range of 5.18% - 5.54% p.a. (March 31, 2023: 5.02%-6.17% p.a.)

b) Indian Rupee loans repayable on demand from NBFC

The parent company entered into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31st March 2024 the parent company had factoring facilities in place for trade receivables and amount of ₹ 105.89 million (31 March 2023: ₹144.72 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the parent company's customers. The parent company does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the parent company from the banks but yet to be collected by the financial institution from the parent company's customers.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

(iii) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cashflows')

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
Balance as at 1st April 2022	450.00	253.70	807.78	1,511.48
Cash Flows:				
Repayment of non-current borrowings	(12.50)	-	-	(12.50)
Proceeds from non-current borrowings	150.00	-	-	150.00
Proceeds from current borrowings (net)	-	1,333.92	-	1,333.92
Repayment of lease liabilities	-	-	(112.76)	(112.76)
Non-cash changes				
Interest expense on lease liabilities	-	-	77.51	77.51
Other movement	-	(0.44)	4.68	4.24
Balance As at 31st March 2023	587.50	1,587.18	777.22	2,951.89
Cash Flows:				
Repayment of non-current borrowings	(100.76)	-	-	(100.76)
Proceeds from non-current borrowings	-	-	-	-
Proceeds from current borrowings (net)	-	195.15	-	195.15
Effect of business combination	-	67.02	235.51	302.53
Repayment of lease liabilities	-	-	(148.26)	(148.26)
Non-cash changes				
Interest expense on lease liabilities	-	-	87.24	87.24
Creation of lease liabilities	-	-	839.05	839.05
Other movement	-	(5.52)	-	(5.52)
Balance As at 31st March 2024	486.75	1,843.84	1,790.75	4,121.33



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

17 Other financial liabilities

	As at 31st March 2024	As at 31st March 2023
Non current		
Security deposits	1.74	1.74
Payable to founders of Novelic d.o.o. (refer note 49)	506.97	-
Total other financial liabilities - non current	508.71	1.74
Current		
Interest accrued but not due on borrowings	2.79	5.25
Employee benefits payable	362.60	239.63
Capital creditors*	394.05	524.99
Forward contract payables (refer note 34 and 48)	-	12.46
Security deposits	3.38	3.50
Payable to founders of Novelic d.o.o. (refer note 49)	262.29	-
Other payables	20.92	0.59
Total other financial liabilities - current	1,046.03	786.42

* includes MSME balance of ₹ 58.42 million (31 March 2023 : ₹ 3.77 million)

18 Provisions

	As at 31st March 2024	As at 31st March 2023
Non current		
Provision for compensated absences (refer below and note 39)	115.75	91.38
Provision for defined benefit plans (refer note 39)	70.14	40.72
Provision for warranty (refer below)	66.71	52.46
Total provisions - non current	252.60	184.56
Current		
Provision for compensated absences (refer below and note 39)	48.57	46.72
Provision for defined benefit plans (refer note 39)	0.27	0.29
Provision for warranty (refer below)	28.17	7.28
Total provisions - current	77.01	54.29

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

	As at 31st March 2024	As at 31st March 2023
Provision for Compensated Absences		
Opening balance	138.10	123.73
Additions	90.98	71.57
Amounts utilised	(64.77)	(57.20)
Closing balance	164.32	138.10
Provision for Warranty		
Opening balance	59.74	42.71
Additions	45.12	20.04
Amounts utilised	(9.97)	(3.01)
Closing balance	94.88	59.74

19 Deferred tax liabilities (net)

Movement in deferred tax assets/liabilities

31st March 2024

Particulars	Opening Balance	Recognised in the Consolidated Statement of Profit and Loss	Recognised in other comprehensive income	Effect of business combination	Closing Balance
Property, plant and equipment and intangible assets	928.22	(68.27)	-	391.18	1,251.13
Provision for employee benefits obligation	(72.13)	13.76	(5.89)	-	(64.25)
Others	20.14	51.21	2.96	-	74.31
Total	876.24	(3.30)	(2.93)	391.18	1,261.19



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

31st March 2023

Particulars	Opening Balance	Recognised in the Consolidated Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	935.48	(7.25)	-	928.22
Provision for employee benefits obligation	(50.52)	(22.20)	0.60	(72.13)
Others	(1.09)	21.24	-	20.14
Total	883.86	(7.09)	0.60	876.24

Certain subsidiary companies of the Group have net carry forward losses amounting to total of Rs. 125.32 million (31 March 2023: Rs. 143.94 million) on which deferred tax asset has not been recognised, which has a 15-20 years carry forward period.

Deferred tax assets amounting to ₹ 82.62 million (31 March 2023: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. by the company. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

20 Trade payables

	As at 31st March 2024	As at 31st March 2023
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	519.88	471.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,461.17	2,018.32
Total Trade payables	2,981.05	2,489.34

Note:

(i) Refer note 37 for balance payable to related parties

Trade payables aging schedule as at 31st March, 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	5.20	506.53	5.91	2.19	0.05	-	519.88
(ii) Others	236.62	1,613.86	589.85	6.81	12.27	1.77	2,461.17
Total	241.82	2,120.39	595.75	9.00	12.32	1.77	2,981.05

Trade payables aging schedule as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4.36	447.92	18.12	0.02	-	-	471.02
(ii) Others	161.58	1,570.13	265.07	2.11	0.17	19.26	2,018.32
Total	166.54	2,018.05	283.19	2.13	0.17	19.26	2,489.34

21 Other Current liabilities

	As at 31st March 2024	As at 31st March 2023
Statutory dues payable	98.71	72.80
Revenue received in advance (refer note 44)	198.78	170.87
Duty Drawback	9.59	-
Others	1.55	-
Total current liabilities	308.63	243.67

22 Current tax liabilities

	As at 31st March 2024	As at 31st March 2023
Income tax liabilities (net) (Net of advance tax ₹ 1,403.65 million (31 March 2023: ₹ 1,010.39 million))	91.53	108.09
Total current tax liabilities	91.53	108.09

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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

23 Revenue from operations	For the year ended 31st March 2024	For the year ended 31st March 2023
Sale of goods*	30,819.49	25,679.14
Other operating revenue		
Scrap sales	684.66	632.21
Export incentive	294.55	229.88
Royalty income	1.46	0.27
Provision for doubtful debts written back	46.19	-
Others	3.79	8.60
Total revenue from operations	31,847.70	26,550.10
* Refer note 44.		
24 Other income	For the year ended 31st March 2024	For the year ended 31st March 2023
Interest income from bank	114.45	41.03
Profit on sale of investments	97.78	71.43
Others	27.25	3.42
Total other income	239.48	115.88
25 (a) Cost of materials consumed	For the year ended 31st March 2024	For the year ended 31st March 2023
Raw material at the beginning of the year	1,095.21	1,107.86
Add: Purchases during the year	13,995.78	11,782.83
Less: Raw material at the end of year	1,032.70	1,095.21
Cost of material consumed	14,058.29	11,795.48
25 (b) Changes in inventories of finished goods and work-in-progress	For the year ended 31st March 2024	For the year ended 31st March 2023
Inventories at the beginning of the year		
Work-in-progress	324.89	326.07
Finished goods	1,407.57	1,810.54
	1,732.47	2,136.61
Inventories at the end of the year		
Work-in-progress	405.19	324.89
Finished goods	1,644.21	1,407.57
	2,049.40	1,732.47
Changes in inventories	(316.94)	404.15
26 Employee benefits expense	For the year ended 31st March 2024	For the year ended 31st March 2023
Salaries, wages and allowances	1,950.97	1,463.57
Contribution to provident and other funds (refer note 39)	131.40	97.45
Staff welfare expenses	271.68	212.35
Share based payment to employees (refer note 45)	147.29	30.18
Total employee benefits expense	2,501.34	1,803.54
27 Finance costs	For the year ended 31st March 2024	For the year ended 31st March 2023
Interest on loans	136.40	71.55
Other borrowing costs	19.30	0.00
Other finance charges	15.04	17.91
Interest on lease liabilities (refer note 43)	87.24	77.51
Interest expenses on income tax	-	2.30
Total finance costs	257.98	169.27
28 Depreciation and amortisation expense	For the year ended 31st March 2024	For the year ended 31st March 2023
Depreciation of property, plant and equipment (refer note 4)	1,514.96	1,154.65
Amortisation of intangible assets (refer note 5)	584.72	542.38
Amortisation of right-of-use assets (refer note 4)	102.56	83.02
Total depreciation and amortisation expense	2,202.25	1,780.04



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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

29 Other expenses

	For the year ended 31st March 2024	For the year ended 31st March 2023
Consumption of stores, spares and tool	1,391.86	1,269.51
Power and fuel	818.06	652.47
Freight, clearing and forwarding charges	442.73	582.27
Packing material	435.40	362.39
Sub contracting cost	984.27	852.39
Rent (refer note 43)	48.58	20.69
Repairs and maintenance - plant and machinery	328.64	384.49
Repair and maintenance - buildings	26.90	27.34
Repair and maintenance - others	231.63	146.21
Manpower hiring on contract	629.15	478.19
Legal and professional charges	285.96	273.22
Testing and designing charges	110.69	78.06
Software Charges	62.79	36.16
Rates and taxes	22.15	10.85
Insurance	72.95	58.98
Travelling, conveyance and vehicle expenses	209.65	177.09
Communication and stationery expenses	25.47	27.72
Security charges	29.32	28.66
Corporate social responsibility expense	63.60	40.08
Business promotion	34.79	34.17
Directors sitting fees and commission (refer note 37)	51.36	38.00
Loss on sale of property plant & equipments (net)	2.00	-
Foreign exchange loss, net	2.63	-
Allowances for expected credit loss	-	43.84
Provision for warranty	45.12	20.04
Miscellaneous expenses	228.47	151.79
Total other expenses	6,584.16	5,794.61

30 Exceptional item

	For the year ended 31st March 2024	For the year ended 31st March 2023
Related to diligence work for acquisition (refer note 50)	87.16	33.69
	87.16	33.69

31 Income tax expense

	For the year ended 31st March 2024	For the year ended 31st March 2023
Current tax	1,566.51	1,178.54
Tax related to previous years	(27.91)	(33.37)
Deferred tax charge/(credit)	(3.30)	(7.09)
Total Income Tax expense	1,535.30	1,138.08

a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended 31st March 2024	For the year ended 31st March 2023
Profit before income tax	6,713.06	5,091.05
Income tax as per statement of profit and loss	1,535.30	1,138.08
Tax at the Indian tax rate of 25.168% (31 March 2023: 25.168%)	1,689.47	1,281.26
Effect of non-deductible expenses	16.00	10.42
Transaction cost of an equity transaction	-	(10.63)
Tax effect of ESOP exercised	(119.91)	(94.16)
Receipt of principal tax amount written off in earlier years	-	(3.13)
Difference in tax rate of subsidiary companies	(69.27)	(46.11)
Others	19.00	0.42
Income tax expense (as per statement of profit and loss)	1,535.30	1,138.08



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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

32 Research and development expenses

	For the year ended 31st March 2024	For the year ended 31st March 2023
Revenue expenditure charged to statement of profit and loss	369.75	283.24
Capital expenditure (refer note 4 and 5)	423.38	448.31
Total research and development expenses	793.13	731.55

* This includes development expenditure incurred on CWIP amounting to ₹ 83.36 million (31 March 2023: ₹ 52.32 million).

33 Fair value measurements
a) Financial instruments by category

	As at 31st March 2024			As at 31st March 2023		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	6,482.63	-	-	6,088.52
Cash and bank balances	-	-	2,741.64	-	-	698.35
Other financial assets	-	-	117.66	-	-	95.28
Derivative financial assets	18.10	-	-	-	-	-
Investments	416.76	-	-	2,280.81	44.93	-
Total financial assets	434.87	-	9,341.93	2,280.81	44.93	6,882.15
Financial liabilities						
Borrowings	-	-	2,333.37	-	-	2,179.93
Trade payables	-	-	2,981.05	-	-	2,489.34
Other financial liabilities	-	-	1,551.96	-	-	770.45
Lease liabilities	-	-	1,790.75	-	-	777.22
Derivative financial liabilities	-	-	-	12.46	-	-
Total financial liabilities	-	-	8,657.13	12.46	-	6,216.94

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, current investment, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For valuation technique to determine fair value of derivative financial assets refer note 48.

(b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets/liabilities into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
As at 31 March 2024			
Foreign exchange forward contracts- Assets	-	18.10	-
Investments- asset	316.40	100.37	-
Total financial assets	316.40	118.47	-
As at 31st March 2023			
Foreign exchange forward contracts- liability	-	12.46	-
Total financial Liability	-	12.46	-
Investments - asset	2,280.81	44.93	-
Total financial assets	2,280.81	44.93	-

ii) Financial assets and liabilities:

	As at 31st March 2024	As at 31st March 2023
Financial assets		
Trade receivables	6,482.63	6,088.52
Cash and bank balances	2,741.64	698.35
Other financial assets	117.66	95.28
Total financial assets	9,341.93	6,882.16
Financial liabilities		
Borrowings	2,333.37	2,179.93
Lease liabilities	2,981.05	2,489.34
Trade payable	1,551.96	770.45
Other financial liability	1,790.75	777.22
Total financial liabilities	8,657.13	6,216.94

All financial assets and financial liabilities are recorded at amortized cost the details of which are given above

There are no transfers amongst levels during the year.
Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.


SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

34 Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

(A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

(a) Credit Risk Management

(i) Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss based on the following:

Asset group	Categorization of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets that expose the entity to credit risk –

Credit rating	Particulars	As at	As at
		31st March 2024	31st March 2023
Low credit risk	Cash and bank balances	2,741.64	698.35
	Other financial assets	117.66	95.28
	Derivative financial assets	18.10	-
Moderate credit risk	Trade receivables *	6,482.63	6,088.52

*These represent carrying values of financial assets, without deduction for expected credit losses

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

Trade receivables

To mitigate the credit risk related to trade receivables, the Group closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due. Considering the nature of trade receivables, and group history of credit with those receivables, group has rebutted the presumption of having significant increases in credit risk since initial recognition for financial assets which are more than 30 days past due.



SONA BLW PRECISION FORGINGS LIMITED
Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)
(b) Expected credit losses for financial assets (other than trade receivables)
i) Financial assets (other than trade receivables)

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

For other financial assets - Credit risk is evaluated based on Group knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2024, and for the year ended 31 March 2023 is insignificant.

Reconciliation of loss allowance

	For the year ended 31st March 2024	For the year ended 31st March 2023
At the beginning of year	51.26	7.42
Movement during the year	(46.19)	43.84
Total expected credit loss allowance*	5.07	51.26

* This amount of expected credit loss allowance has been created on trade receivables aged more than 90 days as on reporting date.

(B) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

(i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

Contractual maturities of financial liabilities:

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2024				
Borrowings	2,038.55	292.04	-	2,330.59
Trade payables	2,981.05	-	-	2,981.05
Other financial liabilities	1,554.74	-	-	1,554.74
Derivative financial liabilities	-	-	-	-
Lease liabilities	256.68	939.63	1,855.51	3,051.82
Total	6,831.02	1,231.67	1,855.51	9,918.21
31st March 2023				
Borrowings	1,687.94	486.74	-	2,174.68
Trade payables	2,489.34	-	-	2,489.34
Other financial liabilities	775.71	-	-	775.71
Derivative financial liabilities	12.46	-	-	12.46
Lease liabilities	117.92	481.51	678.14	1,277.57
Total	5,083.36	968.25	678.14	6,729.75

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March 2024	As at 31st March 2023
Variable rate borrowings	2,330.58	2,174.68
Fixed rate borrowings	-	-
Total borrowings	2,330.58	2,174.68



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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on profit after tax/Equity	As at 31st March 2024	As at 31st March 2023
Interest rate increase by 1.00% (31 March 2023: 1.00%)*	16.86	10.78
Interest rate decrease by 1.00% (31 March 2023: 1.00%)*	(16.86)	(10.78)

* Holding other variables constant, net of tax

(ii) Foreign currency risk

The Parent company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows

Foreign currency	As at 31st March 2024	As at 31st March 2023
Trade receivables and others		
United States Dollar (USD)	44.31	41.99
Euro (EUR)	3.69	1.02
RMB	1.72	6.46
Trade/other payables		
United States Dollar (USD)	2.85	3.72
Euro (EUR)	9.31	0.86
Japanese Yen (JPY)	264.79	269.70
Canadian Dollar (CAD)^	0.00	0.00
Swiss Franc (CHF)	0.01	0.06
Serbian Dinar (RSD)	839.36	-
Mexican Pesos (MXP)	5.45	2.64
RMB	0.77	2.07
Others	0.03	0.03

^Rounded off to Nil

Indian Rupee (₹)	As at 31st March 2024	As at 31st March 2023
Trade receivables and others		
United States Dollar (USD)	3,695.57	3,449.95
Euro (EUR)	331.97	91.61
RMB	19.76	77.15
Trade payables		
United States Dollar (USD)	238.00	305.53
Euro (EUR)	836.82	76.55
Japanese Yen (JPY)	145.82	166.14
Canadian Dollar (CAD)^	0.13	0.11
Swiss Franc (CHF)	1.27	5.68
Serbian Dinar (RSD)	643.54	-
Mexican Pesos (MXP)	27.38	11.98
RMB	8.84	24.69
Others	2.93	2.82

^Rounded off to Nil

Outstanding forward contracts as at the reporting date (Million USD)	132.65	107.47
Outstanding forward contracts as at the reporting date (Million EURO)- Receivable	20.91	-
Outstanding forward contracts as at the reporting date (Million JPY)- Payable	244.58	98.21
Outstanding forward contracts as at the reporting date (Million EUR)-Payable	15.96	0.21
Outstanding forward contracts as at the reporting date (₹ in million)- Receivable	11,150.42	8,896.49
Outstanding forward contracts as at the reporting date (₹ in million)- Receivable	1,937.05	-
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	144.01	61.63
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	1,493.08	19.13



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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)
Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax/Equity	For the year ended 31st March 2024	For the year ended 31st March 2023
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31 March 2023: 1.00%)*	25.87	23.53
₹/USD- decrease by 1.00% (31 March 2023: 1.00%)*	(25.87)	(23.53)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 March 2023: 1.00%)*	(3.78)	0.11
₹/EURO- decrease by 1.00% (31 March 2023: 1.00%)*	3.78	(0.11)
JPY sensitivity		
₹/JPY- increase by 1.00% (31 March 2023: 1.00%)*	(1.09)	(1.24)
₹/JPY- decrease by 1.00% (31 March 2023: 1.00%)*	1.09	1.24
RMB sensitivity		
₹/RMB- increase by 1.00% (31 March 2023: 1.00%)*	0.08	0.39
₹/RMB- decrease by 1.00% (31 March 2023: 1.00%)*	(0.08)	(0.39)
CAD sensitivity		
₹/CAD- increase by 1.00% (31 March 2023: 1.00%)*	(0.00)	(0.00)
₹/CAD- decrease by 1.00% (31 March 2023: 1.00%)*	0.00	0.00
MXP sensitivity		
₹/MXP- increase by 1.00% (31 March 2023: 1.00%)*	(0.20)	(0.09)
₹/MXP decrease by 1.00% (31 March 2023: 1.00%)*	0.20	0.09
CHF sensitivity		
₹/CHF- increase by 1.00% (31 March 2023: 1.00%)*	(0.01)	(0.04)
₹/CHF- decrease by 1.00% (31 March 2023: 1.00%)*	0.01	0.04
RSD sensitivity		
₹/RSD- increase by 1.00% (31 March 2023: 1.00%)*	(4.82)	-
₹/RSD- decrease by 1.00% (31 March 2023: 1.00%)*	4.82	-

** Holding other variables constant, net of tax*
35 Capital management

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

	As at 31st March 2024	As at 31st March 2023
Long term borrowings including current maturities (refer note 16)	486.75	587.50
Short term borrowings (refer note 16)	1,843.84	1,587.18
Less: Cash and cash equivalents (refer note 12)	(910.05)	(441.08)
Net debts *	1,420.53	1,733.61
Equity share capital (refer note 14)	5,864.48	5,854.05
Other equity (refer note 15)	20,638.80	17,047.95
Total equity	26,503.28	22,902.00
Net Gearing ratio	5.36%	7.57%

** Excluding lease liabilities*

Dividends	For the year ended 31st March 2024	For the year ended 31st March 2023
Equity share		
Final dividend of ₹ 1.53 per each 585,415,582 equity share	895.68	-
Interim dividend of ₹ 1.53 per each 58,64,41,810 equity share	897.26	-
Interim dividend of ₹ 1.28 per each 585,404,582 equity share	-	749.32
Final dividend of ₹ 0.77 per each 584,352,710 equity share	-	449.95
	1,792.94	1,199.27

The Board of Directors of the Company in its meeting held on April 30, 2024 has approved and recommended final dividend of ₹ 1.53/- i.e (15.3%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2023-2024, subject to approval from shareholders.



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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)
36 Segment information

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

Information about geographical areas

"The Group's revenue disaggregated by primary geographical markets is as follows:

	For the year ended 31st March 2024	For the year ended 31st March 2023
India	11,797.43	10,848.36
Outside India	19,022.06	14,830.78
Total	30,819.49	25,679.14

Revenue outside India	For the year ended 31st March 2024	For the year ended 31st March 2023
North America	11,043.96	10,267.69
Europe	6,729.74	3,594.39
Asia (Excluding India)	1,094.86	957.36
Others	153.50	11.34
	19,022.06	14,830.78

Customers exceeding 10% of total revenue	For the year ended 31st March 2024	For the year ended 31st March 2023
No of customers exceeding 10% of total revenue	2	2
Total revenue of such customers (₹ million)	9,471.05	8,060.96

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets, Intangible assets under development and goodwill) are located into the following geographical regions:

	As at 31st March 2024	As at 31st March 2023
India	17,430.46	15,623.02
North America	654.90	830.32
Europe	4,734.64	-
Others	321.87	334.14
	23,141.87	16,787.48

37 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship
(i) The entity having substantial interest in the Company

Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)
Singapore VII Topco III Pte Ltd. (with effect from 21st June 2021 till 13th March 2023)

(ii) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vadapalli Vikram Verma	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary

Non executive Directors

Mr. Sunjay Kapur	Chairman and Non-Executive Director
Mr. Prasan Abhaykumar Firodia	Independent director
Mr. Subbu Venkata Rama Behara	Independent director
Mr. Amit Dixit	Director
Mr. Ganesh Mani	Director (till 19th July, 2023)
Mrs. Shradha Suri	Independent director
Mr. Jeffrey Mark Overly	Independent Director
Mrs. Manisha Girotra	Independent Director (w.e.f. 1st January, 2024)



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Relative of KMP

Mr. Tanay Gupta Son of Mr. Sat Mohan Gupta

(iii) Promoter Group

Rani Kapur - RK Family Trust
Raghuvanshi Investment Private Limited
Charu Sachdev
Jasbir Sachdev
Ashok Sachdev

(i) Entity having substantial interest

Transactions	For the year ended 31st March 2024	For the year ended 31st March 2023
Dividend paid		
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	533.08	396.08
Singapore VII Topco III pte Ltd.	-	307.01
(ii) Key Management Personnel *		
Transactions	For the year ended 31st March 2024	For the year ended 31st March 2023
Managerial remuneration		
Mr. Vivek Vikram Singh	36.36	32.03
Mr. Vadapalli Vikram Verma	37.28	29.02
Mr. Rohit Nanda	30.20	25.63
Mr. Ajay Pratap Singh	10.06	8.20
Mr. Sat Mohan Gupta	24.83	23.56
Remuneration to relative of KMP		
Mr. Tanay Gupta	1.32	10.27
Issue of equity shares under ESOP Scheme		
Mr. Vivek Vikram Singh	8.46	8.46
Mr. Vadapalli Vikram Verma	6.10	6.10
Mr. Rohit Nanda	4.57	4.57
Mr. Ajay Pratap Singh	1.63	1.10
Mr. Sat Mohan Gupta	6.10	6.10
Share based payment charged in profit and loss account		
Mr. Vivek Vikram Singh	25.07	6.07
Mr. Vadapalli Vikram Verma	16.09	4.37
Mr. Rohit Nanda	12.82	3.28
Mr. Ajay Pratap Singh	4.85	1.10
Mr. Sat Mohan Gupta	16.09	4.37
Mr. Tanay Gupta	0.53	-
Director Sitting Fee		
Mr. Prasan Abhaykumar Firodia	0.36	0.70
Mr. B.V.R. Subbu	0.28	1.75
Mr. Jeffrey Mark Overly	0.38	2.30
Mrs. Shradha Suri	0.20	1.10
Mrs. Manisha Girotra	0.07	-
Commission		
Mr. Sunjay Kapur	24.00	24.00
Mr. Jeffrey Mark Overly	8.20	5.90
Mr. B.V.R. Subbu	5.50	2.25
Mrs. Manisha Girotra	1.38	-
Mr. Shradha Suri	5.50	-
Mr. Prasan Abhaykumar Firodia	5.50	-



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Dividend paid

Mr.Vadapalli Vikram Verma	0.95	0.37
Mr. Vivek Vikram Singh	0.59	0.28
Mr. Ajay Pratap Singh	0.03	0.02
Mr. Sat Mohan Gupta	0.66	0.31
Mr. Rohit Nanda	-	0.08
Mrs. Shradha Suri	#	#
Rani Kapur - RK Family Trust	#	-
Raghuvanshi Investment Private Limited	#	-
Charu Sachdev	#	-
Jasbir Sachdev	#	-
Ashok Sachdev	#	-

Sale of Vehicle

Mr.Vadapalli Vikram Verma	0.31	-
Mr. Kiran Manohar Deshmukh	0.57	-
Mr. Sat Mohan Gupta	1.01	-

*** Break- up of Key management personnel remuneration**

	For the year ended 31st March 2024	For the year ended 31st March 2023
Short-term employee benefits	140.05	120.61

* Including provident fund and any other benefit.

* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

Note-1 The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTF. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between 28th April, 2023 and 12th May, 2023. There is however no financial impact of such payments on the Company.

Note-2 The Company holds more than 20% in Clean Max Calypso Private Limited. However, the Company does not exercise significant influence or control on decisions of the investees. Hence, not being construed as associate company. These investment is included in "Note 6: Investments" under Investment measured at fair value through Profit & Loss account in the financial statements.

Number less than Rs 10,000

(c) Details of balances with related parties at year end

(i) Key Management Personnel

Balances as at year end	As at 31st March 2024	As at 31st March 2023
Payables		
Mr.Vivek Vikram Singh	15.98	11.21
Mr. Rohit Nanda	10.50	6.29
Mr.Vadapalli Vikram Verma	15.13	8.94
Mr. Jeffrey Mark Overly	-	5.90
Mr. Ajay Pratap Singh	3.49	2.14
Mr. Sat Mohan Gupta	7.49	5.46
Mr Subbu Venkata Rama Behara	-	2.25
Mr. Tanay Gupta	0.18	0.32

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

38 Earnings per share

	31-03-2024	31-03-2023
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	5,172.67	3,952.97
Total number of equity shares at the beginning of the year	585,404,582	584,352,710
Issue of shares	1,043,196	1,051,872
Total number of equity shares at the end of the year	586,447,778	585,404,582
Effect of exercise of share options (refer note 45)	60,718	514,926
Total number of equity shares (including options) at the end of the year	586,508,496	585,919,508
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	585,855,017	584,687,932
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	585,855,017	584,687,932
Effect of exercise of share options	60,718	514,926
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	585,915,735	585,202,858
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	8.83	6.76
(b) Diluted earnings per share (in ₹)	8.83	6.75

39 Employee Benefits

A Defined contribution plans:

Particulars	31-03-2024	31-03-2023
a) Provident fund	127.74	85.09
b) Employees state insurance corporation	0.36	0.33
c) Labour welfare fund	0.39	0.33
d) Super annuation	1.89	1.78
e) National Pension Scheme	15.72	11.59
	146.10	99.12

B Defined benefit plans:

(i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Holding Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

I Expense recognised in the statement of profit and loss

	For the year ended 31st March 2024	For the year ended 31st March 2023
(i) Current service cost	26.85	24.34
(ii) Interest cost	20.90	16.28
(iii) Expected return on plan assets	(18.37)	(14.12)
Net expense recognised in the statement of profit and loss	29.38	26.50



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31st March 2024	For the year ended 31st March 2023
(i) Actuarial changes arising from changes in demographic assumptions	4.21	(2.12)
(ii) Actuarial changes arising from changes in financial assumptions	4.47	(9.81)
(iii) Actuarial changes arising from changes in experience adjustments	14.98	10.77
(iv) Return on plan assets greater than discount rate	(0.29)	(1.18)
Net expense recognised in other comprehensive income	23.37	(2.34)

III Changes in obligation

	For the year ended 31st March 2024	For the year ended 31st March 2023
(i) Opening balance	297.42	265.24
(ii) Current service cost	26.85	24.34
(iii) Interest cost	20.90	16.28
(iv) Actuarial (gain)/loss	23.66	(1.15)
(v) Benefit payments from plan assets	(6.61)	(7.27)
(vi) Present value of obligation as at year end	362.22	297.43

IV Changes in plan assets

	For the year ended 31st March 2024	For the year ended 31st March 2023
(i) Fair value of plan assets as at the beginning of the period	256.70	225.65
(ii) Interest income	18.37	14.12
(iii) Contributions by employer	23.06	23.02
(iii) Benefit payments from plan assets	(6.61)	(7.27)
(iv) Actuarial gain/(loss) on plan assets	0.29	1.18
Fair value of plan assets	291.80	256.70

V Net assets / liabilities

	As at 31st March 2024	As at 31st March 2023
(i) Present value of obligation at the end of the year	362.22	289.70
(ii) Fair value of plan assets at the end of the year	291.80	256.70
(iii) Net liabilities recognised in the balance sheet		
- Non current	70.14	40.72
- Current	0.27	-

VI Experience adjustment

	For the year ended 31st March 2024	For the year ended 31st March 2023
Experience adjustment loss on plan liabilities	6.14	6.52

VII Investment details

The Parent Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Parent Company and have therefore not been disclosed.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

VIII Principal actuarial assumptions (Gratuity and Compensated absence)

	For the year ended 31st March 2024	For the year ended 31st March 2023
Discount rate (per annum)	7.15%-7.30%	7.15%-7.30%
Expected increase in salary costs (per annum)	8.00-10.00%	8.00-9.00%
Attrition rate	15.00-16.00%	15.00-20.00%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 and 60 years	58 and 60 years

IX Quantitative sensitivity analysis for significant assumptions is as below:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation	
	As at 31st March 2024	As at 31st March 2023
Delta effect of +1% change in rate of discounting	(12.79)	(13.51)
Delta effect of -1% change in rate of discounting	13.79	14.44
Delta effect of +1% change in rate of salary increase	13.49	14.17
Delta effect of -1% change in rate of salary increase	(12.71)	(13.44)

X Maturity profile of defined benefit obligation (undiscounted)

Particulars	As at 31st March 2024	As at 31st March 2023
Within the next 12 months (next annual reporting period)	59.88	56.58
Between 2 and 5 years	190.87	168.47
Between 6 and 10 years	161.23	120.38
Total expected payments	411.97	345.43

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 4 - 6.27 years (31 March 2023: 4 - 6.27 years)

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The expected contribution to the plan is expected to be similar to that of current year.

XIII Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

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SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

40 Contingent liabilities

	As at 31st March 2024	As at 31st March 2023
a) Claims against the Company not acknowledged as debts		
i) Service tax		
Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
ii) Income Tax *		
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2011-12)	-	2.14
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2012-13)	-	3.18
Cases pending before Transfer pricing officer (AY-2013-14)	2.12	2.12
Cases pending before Transfer pricing officer (AY-2016-17)	2.74	2.50
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	90.85	84.05
Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	7.15	6.96
(iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals. (FY 2014-15 to FY 2017-18)	0.61	14.85
(iv) Goods and Services tax Act		
Writ petition filed before high court***	281.97	281.97

*Amount paid under protest of ₹ 17.47 million (31 March 2023: ₹ 24.48 million)

** Total disputed amount of the case is ₹ 99.48 million(31 March 2023:₹ 85.88 million) (including interest liability) out of which ₹ 8.63 million (31 March 2023:₹ 8.63 million) (including interest liability) has been provided as a provision and balance amount is being disclosed as a contingent liability.

*** Writ Petition challenging vires of Rule 96(10) of CGST Rules 2017, Based on professional advice, the Company believes that the case will be decided in their favour and hence no provision has been considered.

As hearing date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefore. Moreover no monetary claim was filed or is pending.

c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Group are as under :

Particulars	As at 31st March 2024	As at 31st March 2023
Export obligation pending	2,684.22	3,203.19

41 Commitments

(a) Capital commitments	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	1,597.56	986.48
	1,597.56	986.48



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

42. Additional information as required by Paragraph 2 of the general instruction for the preparation of Consolidated financial statements as per Schedule III of Companies Act 2013:

31st March 2024

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	91.93%	25,740.32	93.57%	4,844.80	(30.64%)	(8.55)	92.90%	4,836.24
Subsidiaries- India								
Comstar Automotive Technology Services Private Limited	0.40%	111.52	0.57%	29.53	(0.50%)	(0.14)	0.56%	29.39
Sona Comstar eDrive Private Limited	0.03%	8.29	(0.11%)	(5.64)	0.00%	-	(0.11%)	(5.64)
Subsidiaries- Foreign								
Comstar Automotive USA LLC	2.99%	836.51	5.23%	270.77	37.72%	10.53	5.40%	281.30
Comstar Automotive Hongkong Limited	0.03%	8.87	(0.12%)	(6.19)	(84.40%)	(23.56)	(0.57%)	(29.76)
Comstar Automotive (Hangzhou) Co., Ltd	0.29%	81.69	(0.60%)	(30.85)	(30.81%)	(8.60)	(0.76%)	(39.45)
Comestel Automotive Technologies Mexicana Ltd	2.48%	694.39	5.22%	270.45	(38.64%)	(10.79)	4.99%	259.67
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.04%)	(10.12)	0.04%	2.09	12.70%	3.55	0.11%	5.63
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.60%	166.71	(0.00%)	(0.22)	(173.43%)	(48.42)	(0.93%)	(48.64)
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Edrive Mexicana, S.A.P.I DE C.V	0.03%	9.55	(0.07%)	(3.71)	0.90%	0.25	(0.07%)	(3.46)
Novelic d.o.o. Beograd	4.92%	1,377.87	0.59%	30.62	0.00%	-	0.59%	30.62
Novelic SRL	0.01%	1.83	0.04%	2.12	0.00%	-	0.04%	2.12
Novelic ESC DOOEL SKOPJE	0.00%	0.96	0.01%	0.45	0.00%	-	0.01%	0.45
Nirsen D.O.O	0.08%	21.54	(0.09%)	(4.77)	0.00%	-	(0.09%)	(4.77)
Non controlling interest	5.35%	1,497.77	0.25%	13.08	18.68%	5.22	0.35%	18.29
Consolidation adjustments	(9.09%)	(2,546.66)	(4.53%)	(234.76)	388.42%	108.44	(2.08%)	(108.03)
Total	100%	28,001.05	100%	5,177.76	100%	27.92	100%	5,205.67

31st March 2023

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	98.24%	22,498.17	98.18%	3,880.90	19.34%	14.47	96.71%	3,895.37
Subsidiaries- India								
Comstar Automotive Technology Services Private Limited	0.24%	54.32	0.45%	17.64	(0.17%)	(0.13)	0.43%	17.51
Sona Comstar eDrive Private Limited	0.06%	14.19	(0.02%)	(0.81)	0.00%	-	(0.02%)	(0.81)
Subsidiaries- Foreign								
Comstar Automotive USA LLC	3.38%	773.44	5.94%	234.95	37.85%	28.32	6.54%	263.27
Comstar Automotive Hongkong Limited	0.15%	34.17	(0.10%)	(3.76)	15.29%	11.44	0.19%	7.68
Comestel Automotive Technologies Mexicana Ltd	0.85%	195.68	4.31%	170.30	10.49%	7.85	4.42%	178.15
Comstar Automotive (Hangzhou) Co., Ltd	0.69%	158.83	1.05%	41.37	8.59%	6.42	1.19%	47.80
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.05%)	(11.36)	(0.21%)	(8.13)	(0.67%)	(0.50)	(0.21%)	(8.64)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.52%	119.96	0.02%	0.91	10.08%	7.54	0.21%	8.45
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(4.08%)	(935.41)	(9.62%)	(380.40)	(0.80%)	(0.60)	(9.46%)	(380.99)
Total	100%	22,902.00	100%	3,952.97	100%	74.82	100%	4,027.79



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(Figures in Million ₹, unless stated otherwise)

43 Leases

i) The Group has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.

ii) The Group does not have any lease commitments towards variable rent as per the contract.

iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Group must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Group shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

iv) Lease liabilities are presented in the statement of financial position as follows:

	As at 31st March 2024	As at 31st March 2023
Current	99.01	117.92
Non-current	1,691.73	659.30
	1,790.74	777.22

v) Future minimum lease payments are as follows:

Particulars	As at 31st March 2024		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	256.68	147.79	99.01
1-5 years	939.63	536.08	402.40
More than 5 years	1,855.51	566.18	1,289.33
	3,051.82	1,250.04	1,790.74
Particulars	As at 31st March 2023		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	117.92	71.63	46.30
1-5 years	481.51	254.36	227.14
More than 5 years	678.14	174.36	503.78
	1,277.57	500.34	777.22

vi) The following are amounts recognised in profit or loss:-

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Depreciation expense of right-of-use assets	102.56	83.02
Interest expense on lease liabilities	87.24	77.51
Rent expense (relating to short term leases on which lease liability is not recognised)	48.58	20.69
Total	238.37	181.22

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Total cash outflow pertaining to leases during the year	148.26	112.76

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.



44 Revenue from contracts with customers**(a) Disaggregation of revenue**

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31st March 2024	For the year ended 31st March 2023
Revenue by geography		
Domestic	11,797.43	10,848.36
Export	19,022.06	14,830.78
Total	30,819.49	25,679.14
Timing of revenue recognition		
Revenue recognised at point in time	30,578.17	25,339.26
Revenue recognised over the period of time	241.32	339.88
Total	30,819.49	25,679.14

(b) Liabilities related to contracts with customers*

Particulars	As at 31st March 2024	As at 31st March 2023
Opening balance	170.87	156.36
Income recognised from advance	(334.93)	(421.78)
Advance received from customers during the year	362.84	436.29
Advance from customers and contract liability (refer note 21)	198.78	170.87

(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Group to its customers for the year ended 31 March 2024 ₹ 0.76 million (31 March 2023: ₹ 0.43 million)

(d) Contract assets*

Particulars	As at 31st March 2024	As at 31st March 2023
Opening balance	44.61	56.08
Adjusted during the year	11.21	11.46
Closing balance (refer note 9)	33.40	44.61

* Performance obligations pertaining to balance of contract assets and contract liabilities will get satisfied with in next 12 months.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

45 (a) Share based payments

Employee Stock Option Scheme Sona BLW Precision Forgings Limited- 2020 (Sona BLW ESOP Plan-2020) was approved by the shareholders of the Sona BLW Precision Forgings Limited on 30 September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP-2020 Plan entitles employees of the Group to exercise shares in the Group at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

Particulars	Sona BLW Precision Forgings Limited Employee Stock Option Plan -2020
Exercise Price	₹ 38.34
Grant date	01 October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ("First vesting") 1,087,740 options 24 months after the grant date ("Second vesting") 1,087,740 options 36 months after the grant date ("Third vesting")
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted	3,263,220 The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakhs forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1 October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Total Company share based payment to employees amounting ₹ 8.70 million for the year ended 31 March 2024 (₹ 30.18 million for the year ended 31 March 2023) is recognised in the statements of profit and loss of the Company pertaining to options issued to employees of the Company . The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not publicly traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	01 October 2020	01 October 2020	01 October 2020
Vesting date	01 October 2021	01 October 2022	01 October 2023
Expiry date	01 October 2024	01 October 2025	01 October 2026
Fair value of option at grant date using Black Scholes model	44.38	46.28	47.72
Exercise price	38.34	38.34	38.34
Expected volatility of returns	46.19%	46.63%	46.51%
Term to expiry	2.5 years	3.5 years	4.5 years
Expected dividend yield	1.60%	1.60%	1.60%
Risk free interest rate	4.64%	5.04%	5.23%

During the year ended 31 March 2021, the Board of Directors of the Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous values.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

Particulars	31-03-2024	31-03-2023
Options outstanding at the beginning of the period	1,130,548	2,182,420
Number of employees to whom options were granted	62	62
Options vested	1,056,900	1,081,764
Options exercised	1,043,196	1,051,872
Options forfeited/ lapsed/ cancelled	24,864	-
Option expired during the year	Nil	Nil
Options outstanding	Vested:62,488	Vested:48,784
Options outstanding	Unvested: 0	Unvested: 1,081,764
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	1,043,196	1,051,872
Money realised by exercise of options (in Rs.)	39,996,135	40,328,772
Options outstanding at the period end	-	1,130,548
Options exercisable at the period end	62,488	48,784
Total number of options in force (excluding options not granted)	-	1,130,548
Weighted average remaining contractual life of outstanding options (in years)	2.50	3.50
Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2024 is ₹ 8.70 million (for the year ended 31 March 2023 was ₹ 30.18 million)	

Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan

Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date

Employee wise details of options granted to
(i) Key Managerial Personnel

Mr. Vivek Vikram Singh
Mr. Rohit Nanda
Mr. Ajay Pratap Singh
Mr. Vadapalli Vikram Verma
Mr. Sat Mohan Gupta
Share based payment to Key Managerial Personnel for the year ended 31 March 2024 is ₹ 5.55 million (31 March 2023 was ₹ 19.19 million)

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

None

(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

45 (b) Share based payments

Employee Stock Option Scheme Sona BLW Precision Forgings Limited- 2023 ('Sona BLW ESOP Plan-2023') was approved by the shareholders of the Sona BLW Precision Forgings Limited on 19th July 2023. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2023 shall be 7,610,402 Options which shall upon exercise shall convert into maximum 7,610,402 Shares. The Sona BLW ESOP Plan-2023 entitles employees of the Company to exercise shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Sona BLW Precision Forgings Limited Employee Stock Option Plan-2023		
	25 October 2023	15 March 2024	
Grant date	25 October 2023	15 March 2024	
Exercise Price	Rs. 508.95	Rs. 641.60	
Vesting schedule	1,706,650 options	25,000 options	12 months after the grant date ('First vesting')
	1,706,650 options	25,000 options	24 months after the grant date ('Second vesting')
	1,706,650 options	25,000 options	36 months after the grant date ('Third vesting')
	1,706,650 options	25,000 options	48 months after the grant date ('Fourth vesting')
Number of share options granted	6,826,600	100,000	
Exercise period	Stock options can be exercised within a period of 3 years from vesting date. The total pool of Options that can be granted under the ESOP Plan is 7,610,402 (Seven million six hundred ten thousand four hundred two) Options out of which 6,826,600 (Six million nine hundred forty-nine thousand four hundred) options were granted to the employees.		
Method of settlement	Equity		

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 508.95/ ₹ 641.60 per option which against the fair market value of ₹ 508.95/₹ 641.60 per share determined on the date of grant, i.e. 25th October 2023 and 15th March 2024 respectively.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Total Company share based payment to employees amounting ₹ 138.59 million (excluding Rs. 11.57 million capitalised) for the year ended 31 March 2024 (Nil for the year ended 31 March 2023) is recognised in the statement of profit and loss of the Company pertaining to options issued to employees of the Company. The following principal assumptions were used in the valuation: Expected volatility was determined basis 50% weight to Sona BLW Precision Forgings Limited and a balance of 50% weight equally to the other comparable companies. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 0.55% and 0.48% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the profit or loss in statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

Particulars	First vesting	Second vesting	Third vesting	Fourth vesting
Grant Date 25th October 2023				
Vesting date	25 October 2024	25 October 2025	25 October 2026	25 October 2027
Expiry date	25 October 2027	25 October 2028	25 October 2029	25 October 2030
Fair value of option at grant date using Black Scholes model	82.10	132.40	169.70	199.40
Exercise price	508.95	508.95	508.95	508.95
Expected volatility of returns	29.95%	35.37%	37.33%	38.20%
Term to expiry (Years)	1.17	2.17	3.17	4.17
Expected dividend yield	0.55%	0.55%	0.55%	0.55%
Risk free interest rate	6.82%	6.94%	7.01%	7.05%
Grant Date 15th March 2024				
Vesting date	15 March 2025	15 March 2026	15 March 2027	15 March 2028
Expiry date	15 March 2028	15 March 2029	15 March 2030	15 March 2031
Fair value of option at grant date using Black Scholes model	107.30	160.30	209.90	248.80
Exercise price	641.60	641.60	641.60	641.60
Expected volatility of returns	31.54%	33.56%	36.56%	37.87%
Term to expiry (Years)	1.17	2.17	3.17	4.17
Expected dividend yield	0.48%	0.48%	0.48%	0.48%
Risk free interest rate	6.66%	6.70%	6.73%	6.75%

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

Particulars	31-03-2024
Options outstanding at the beginning of the period	-
Number of employees to whom options were granted	91



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

Options vested	-
Options exercised	-
Options forfeited/ lapsed/ cancelled	-
Option expired during the year	-
Options outstanding	Unvested: 69,26,600
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	-
Money realised by exercise of options (in Rs.)	-
Options outstanding at the period end	-
Options exercisable at the period end	-
Total number of options in force (excluding options not granted)	69,26,600
Weighted average remaining contractual life of outstanding options (in years)	2.67

Method used for accounting of share-based payment The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2024 is ₹ 138.59 million (excluding Rs. 11.57 million capitalised) (for the year ended 31 March 2023 was Nil)

Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from

Employee wise details of options granted to

(i) Key Managerial Personnel

- Mr. Vivek Vikram Singh
- Mr. Rohit Nanda
- Mr. Ajay Pratap Singh
- Mr. Vadapalli Vikram Verma
- Mr. Sat Mohan Gupta

Share based payment to Key Managerial Personnel for the year ended 31 March 2024 is ₹ 69.38 million (31 March 2023 was Nil)

(ii) Any other employee who received a grant in any one year of None options amounting to 5% or more of the options granted during the year

(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant. No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

46 Intangible assets impairment testing

Goodwill

As per note no. 5, the group had recognized an amount of ₹ 3,518.31 million as goodwill on account of acquisition of Novelic d.o.o. Beograd (₹ 1,760.22 million), Comstar Automotive Hongkong Limited (₹ 80.79 million), Comstar Automotive Technology Services Private Limited (₹ 59.04 million), Comstar Automotive USA LLC (₹ 36.02 million) in addition to goodwill recognised at standalone (₹ 1,582.24 million). Annual test for impairment of goodwill was carried out as at 31 March 2024 and 31 March 2023, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the standalone statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 9.00%-25.00% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast and more considering the future economic benefits that will be derived by entity from the use of intangible assets, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 2%- 4% as determined by the management.

Brand

On 1 August 2018, the Company acquired SONA Intellectual property rights ("Sona IP") and all rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives, pursuant to which the group had recognised brand amounting to ₹ 687.40 million. This was due to the expectation of permanent use of acquired brand. The Company tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. In March 2024 and March 2023, there was no impairment identified for the brand.

The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 13%-14% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 4%-5% as determined by the management.

Intangible assets under development

As per note no. 5, the Company had recognized an amount of ₹ 2,690.48 million (March 31st 2023 : Rs. 217.79 million) as Intangible assets under development. Annual test for impairment of Intangible assets under development was carried out as at 31 March 2024 and 31 March 2023, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the standalone statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 9.00%-25.00% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast and more considering the future economic benefits that will be derived by entity from the use of intangible assets, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 2%- 4% as determined by the management.

Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

- 47 With effect from 1 April 2022, the Parent Company has designated certain forward contracts in the cash flow hedge relationship as eligible hedging instruments for the hedge of foreign currency exposure of highly probable forecasted sales in accordance with Ind AS 109, Financial Instruments. Pursuant to this, the effective portion of change in fair value of the hedging instruments has been recognised in 'cash flow hedge reserve' under other comprehensive income. Amount recognized in cash flow hedge reserve is reclassified to profit or loss as and when the hedged item affects the profit / loss or the hedges are no longer effective.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024
(figures in Million ₹, unless stated otherwise)

48 Hedge accounting:

(i) Disclosures of effects of hedge accounting on balance sheet:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Strike price range	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As on March 31, 2024								
Foreign currency risk	13,087.47	35.88		April 2024 to 1:1 annual ¹⁾ 2026	USD : 83.04 to 84.86 EUR: 89.57 to 95.90	47.42	(47.42)	
(i) Foreign exchange forward contracts								
As on March 31, 2023								
Foreign currency risk	8,896.49	11.55		April 2023 to 1:1 March 2024	USD : 78.77 to 84.49	(11.55)	11.55	
(i) Foreign exchange forward contracts								

(ii) Disclosures of effects of hedge accounting on statement of profit and loss:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Cash flow hedge				
Foreign currency risk				
(i) Foreign exchange forward contracts	(23.60)	(0.78)	22.21 [56.77]	Gain on foreign exchange Reclassify to revenue
Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
For the year ended March 31, 2024				
Cash flow hedge				
Foreign currency risk				
(i) Foreign exchange forward contracts	(338.36)	(0.51)	(190.02) [164.94]	Loss on foreign exchange Reclassify to revenue

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For forward contracts, hedge effectiveness is measured using hypothetical derivative method. Ineffectiveness is measured by comparing the change in the fair value of the actual derivative i.e. forward contracts designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item i.e. highly probable forecast sales. Hypothetical derivative matches the critical terms i.e. maturity date, currency and amount of highly probable forecast sales.

In hedges of foreign currency forecast sales, ineffectiveness mainly arises because of change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arises in the hedges have been disclosed in above table.

* Refer note 7 and 17 for forward contract closing balance.

(iii) Movements in cash flow hedging reserve

Particulars	As at 31st March 2024	As at 31st March 2023
As at 1 April 2023	12.78	-
Add: Changes in fair value of forward contracts	(23.60)	(388.36)
Less: Amount reclassified to profit or loss	35.35	355.48
Less: Deferred tax relating to above (net)	(2.96)	(4.34)
As at 31 March 2024	21.57	12.78



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

49 Business Combinations

The Company has acquired 54% stake (representing 54% voting interest) of Novellic d.o.o., world's leading self-sustaining provider of mmWave radar sensors, perception solutions, and full stack embedded systems on 6th September 2023. With NOVELIC's capabilities in sensors and perception solutions, Sona Comstar intends to expand in the area of ADAS and intelligent vehicle technologies. Further amount of goodwill (as stated below) has been recognised on account of gaining business synergies resulting out of this acquisition.

The Company allocated purchase price in accordance with Ind AS 103 on business combinations. The fair value of net assets acquired was determined based on an appraisal of such net assets determined by an external expert on behalf of the management.

Particulars	Amount
Cash paid to Founders	2,109.62
Cash paid to Company	37.70
Payable to Founders (Present value)	748.46
Payable to Company (Present value)	610.59
Total purchase consideration	3,506.37
Cash and cash equivalents acquired	15.73
Net purchase consideration (A)	3,490.65
Net Assets acquired	1,283.26
Intangible assets	535.54
Intangible assets under development	1,740.50
Non controlling interest	(1,487.46)
Deferred tax (net)	(341.41)
Net assets acquired (B)	1,730.43
Goodwill including assembled workforce(A-B)	1,760.22

Note:

- a) Customer relationships amounting to ₹ 187.44 million has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 28.12 million is also recognized and same will be amortised over 5 years.
- b) Intangible assets amounting to ₹ 348.10 million has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 52.21 million is also recognized and same will be amortised over 15 years.
- c) Intangible assets under development amounting to ₹ 1,740.50 million has been identified as a part of purchase price allocation.
- d) Net assets acquired includes Right-of-use assets (₹ 225.88 million), Intangible assets under development (₹ 397.96 million) and Lease liabilities (₹ 231.59 million).
- e) Amount of non controlling interest has been derived through fair valuation of net assets acquired by the entity which was based on an appraisal of such net assets determined by an external expert on behalf of the management.

The results of subsidiary, after elimination of inter company transactions and balances, as included in the consolidated statement of profit and loss for the period 6th September 2023 to 31 March, 2024 are given below :

Total Revenue	484.31
Total Expenses	467.26
Profit before tax	17.05
Tax	(11.38)
Profit after tax	28.43
Total comprehensive income	39.77

Had the above acquisitions occurred on 1 April 2023, management estimates that consolidated revenue would have been ₹ 32,170.71 million, the consolidated profits for the year ended 31 March 2024 would not have been significantly different from the actuals reported.



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

50 Exceptional item

The Company has completed the acquisition of 54% voting rights in Novelic d.o.o. on 6th September 2023, through acquisition of 51% voting rights from the existing shareholders and 3% voting rights as a result of capital infusion in Novelic d.o.o., as per the Share purchase agreement and shareholder agreement. The exceptional item is related to diligence work and other expenses incurred on for the said acquisition.

51 Other Statutory Information

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with companies struck off.

Relationship with struck off companies:

Name of struck off company (31 March 2024)	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
Nil	Nil	Nil	Nil	Nil

Name of struck off company (31 March 2023)	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
Metalworking Lubricants India Private Limited	Purchase	0.04	0.04	Supplier of Goods
Competent Engineers Private Limited	Purchase	0.76	-	Supplier of Goods

There were no transactions with struck off companies during the last financial year.

- (iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group have 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:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

52 Reconciliation of quarterly bank return

Quarter	Particulars	FY 2023 - 24		FY 2022 - 23	
		Amount as per books of account	Amount as reported in the quarterly return/ statement #	Amount as per books of account	Amount as reported in the quarterly return/ statement #
Quarter 1	Trade Receivable	5,514.54	5,514.54	4,723.00	4,692.20
Quarter 1	Inventory	2,750.30	2,750.30	3,079.86	3,080.31
Quarter 1	Trade Payables	2,278.21	2,278.21	1869.69*	1,869.69
Quarter 2	Trade Receivable	6,177.09	6,177.09	5,173.45	5,131.79
Quarter 2	Inventory	2,954.49	2,954.49	3,099.90	3,100.81
Quarter 2	Trade Payables	2,736.04	2,736.04	2,209.78	2,184.46
Quarter 3	Trade Receivable	5,308.07	5,308.07	5,155.57	5,123.70
Quarter 3	Inventory	3,137.84	3,137.84	2,873.42	2,874.73
Quarter 3	Trade Payables	2,340.23	2,340.23	1,815.75	1,830.54
Quarter 4	Trade Receivable	5,821.37	5,821.37	5,864.48	5,864.48
Quarter 4	Inventory	3,115.91	3,115.91	2,683.67	2,683.67
Quarter 4	Trade Payables	2,693.80	2,693.80	2,308.48	2,308.48

Notes:-

i) HDFC, SBI, CITI and Yes Banks are represented as Working capital lenders.

* Above information is given as per the norms of working capital lenders



SONA BLW PRECISION FORGINGS LIMITED

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2024

(Figures in Million ₹, unless stated otherwise)

53 Previous year's figures has been regrouped and/ or reclassified wherever necessary to confirm to the current year's groupings and classifications. The impact of such reclassification/regrouping is not material to the financial statements.

54 Authorisation of Consolidated financial statements

The Consolidated financial Statements for the year ended 31 March 2024 were approved by the Board of Directors on 30th April 2024.

This is the summary of material accounting policies and other explanatory information form an integral part of these Consolidated financial statements.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/N500013



Arun Tandon

Partner

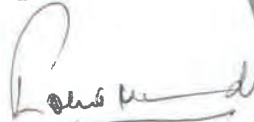
Membership No: 517273



Sunjay Kapur

Non Executive Chairman

DIN: 00145529



Rohit Nanda

Group Chief Financial Officer

For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED



Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi

Date: 30th April, 2024



Place: Gurugram
Date: 30th April, 2024

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Independent Auditor's Report

To the Members of Sona BLW Precision Forgings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.



Chartered Accountants

Offices in Ahmedabad, Bengaluru, Chandigarh, Chennai, Dehradun, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

Walker Chandiook & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, 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.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill and brands having indefinite useful life (together 'intangibles')</p> <p>As detailed in Note 46 to the consolidated financial statements, the Group carries goodwill amounting to ₹ 1,758.09 million and brands amounting to ₹ 687.40 million in its consolidated balance sheet as at March 31, 2023.</p> <p>Goodwill was recorded on the acquisition of Comstar Automotive Technologies Private Limited, Comstar Automotive Hong Kong Limited, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited, involved in design, manufacturing and selling of starter motors and motor and vehicle accessories, which has been determined as a cash generating unit ('CGU') by the management</p> <p>The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ('Model').</p> <p>Key assumptions used in management's assessment of the carrying amount of</p>	<p>Our audit procedures included:</p> <ol style="list-style-type: none"> a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to aforementioned annual impairment assessment; b) Obtained the impairment analysis carried out by the management and reviewed their conclusions; c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates; f) We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof; g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and



<p>goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, among others.</p> <p>The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2023.</p> <p>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.</p>	<p>h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p>Impairment testing of definite life intangible assets</p> <p>As detailed in Note 5 and 46 to the consolidated financial statements the Company has intangible assets amounting ₹ 777.42 million as at 31 March 2023 of which ₹ 228.30 million are in the nature of technology development expenditure relating to development of electric starter motor and hybrid starter motor technology.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, the management has carried out an impairment analysis of aforementioned intangible assets, which requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the fair value of such intangibles, using discounted cash flow model ('Model').</p> <p>Key assumptions used in management's assessment of the recoverable amounts include projection of future cash flows, revenue growth rates, estimated future operating capital expenditure, external market conditions and discount rates, among others.</p> <p>Considering the materiality of the amounts involved and significant degree of judgment required in assessment of the impairment of technology development expenditure and subjectivity involved in the estimates and assumptions, this matter has been identified</p>	<p>Our procedures included, but were not limited to the following:</p> <p>a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to impairment of technology development expenditure;</p> <p>b) Obtained impairment analysis carried out by the management and reviewed their conclusions;</p> <p>c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</p> <p>d) Assessed the reasonableness of the key assumptions used and appropriateness of valuation methodology applied. Tested cash flow forecasts and impact of macro-economic factors on the forecasts, future sales projections, discount rates and long-term growth rates including comparison to economic and industry forecasts where appropriate:</p> <p>e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the</p>



as a key audit matter for the current year's audit.	underlying parameters of the discount and long term growth rates; f) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and g) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.
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Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.



8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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 Standards on Auditing 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.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries covered under the Act, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the 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.
12. 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.
 13. 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.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Matter

15. We did not audit the financial statements of four subsidiaries, whose financial statements reflects total assets of ₹ 1,528.49 million and net assets of ₹ 1,031.90 million as at 31 March 2023, total revenues of ₹ 2,400.96 million and net cash outflows amounting to ₹ 90.81 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

Further, all of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries, located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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 matters with respect to our reliance on the work done by and the reports of the other auditors.



Walker Chandio & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Holding Company, incorporated in India whose financial statements have been audited under the Act have paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that two subsidiary companies, incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of companies included in the consolidated financial statements for the year ended 31 March 2023 and covered under the Act we report that: following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause xvii

18. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - 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;
 - The consolidated financial statements 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;
 - in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies respectively, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 40 to the consolidated financial statements;
 - ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act, during the year ended 31 March 2023;
 - iv.a. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 51 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any person(s) or entity(ies), including foreign entities ('the 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 Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the note 51 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies 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; and
 - c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
 - iv. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2023 is in compliance with section 123 of the Act. The final dividend paid by the Holding Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 35 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.



Walker Chandiook & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076/N/500013

Arun Tandon

Arun Tandon

Partner

Membership No.: 517273

UDIN: 23517273BGTXLF3604



Place: New Delhi

Date: 03 May 2023

Annexure I

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("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 the Company's business, including adherence to the 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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

Walker Chandiook & Co LLP

Annexure I to the Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary companies which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon

Partner

Membership No.: 517273

UDIN: 23517273BGTXLF3604



Place: New Delhi

Date: 03 May 2023

Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2023 (Cont'd)

Annexure 1

List of entities included in the Statement

Sno.	Name of the holding Company
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1	Sona BLW Precisions Forgings Limited
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Name of subsidiaries

1	Comstar Automotive Technologies Services Private Limited
2	Comstar Automotive USA LLC
3	Comstar Automotive Hongkong Limited
4	Comestel Automotive Technologies Mexicana Ltd
5	Comstar Automotive (Hangzhou) Co., Ltd
6	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
7	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
8	Comstar Hong Kong Mexico No. 1, LLC
9	Sona Comstar eDrive Private Limited



SONA BLW PRECISION FORGINGS LIMITED
Consolidated Balance Sheet as at 31st March 2023
(Figures in Million ₹, unless stated otherwise)

	Notes	As at 31st March 2023	As at 31st March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,209.32	5,679.17
Right-of-use assets	4	1,434.42	1,514.09
Capital work-in-progress	4	693.55	1,408.63
Goodwill on consolidation	5	1,758.09	1,758.09
Other intangible assets	5	4,474.31	4,889.91
Intangible assets under development	5	217.79	65.20
Financial assets			
(i) Investments	6	44.93	-
(ii) Other financial assets	7	92.37	64.74
Income tax assets (net)	8	273.03	270.23
Other non-current assets	9	398.26	555.32
Total non-current assets		17,596.07	16,205.39
Current assets			
Inventories	10	3,229.41	3,633.75
Financial assets			
(i) Investments	6	2,280.81	65.30
(ii) Trade receivables	11	6,088.52	4,451.89
(iii) Cash and cash equivalents	12	441.08	536.06
(iv) Bank balances other than (iii) above	13	257.28	236.46
(v) Other financial assets	7	2.91	64.59
Other current assets	9	702.17	764.16
Total current assets		13,002.18	9,752.21
Total assets		30,598.25	25,957.60
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(A)	5,854.05	5,843.53
Other equity	15	17,047.95	14,159.44
Total equity		22,902.00	20,002.97
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16 (i)	486.74	437.50
(ii) Lease liabilities	43	659.30	696.02
(iii) Other financial liabilities	17	1.74	1.74
Provisions	18	170.46	100.44
Deferred tax liabilities (net)	19	876.24	883.86
Total non-current liabilities		2,194.48	2,119.56



SONA BLW PRECISION FORGINGS LIMITED
Consolidated Statement of Profit and Loss for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)

	Notes	For the year ended 31st March 2023	For the year ended 31st March 2022
Income			
Revenue from operations	23	26,550.10	21,096.78
Foreign exchange gain (net)		205.85	209.62
Other income	24	115.88	200.26
Total income		26,871.83	21,506.66
Expenses			
Cost of materials consumed	25 (b)	11,795.48	9,892.03
Changes in inventories of finished goods and work-in-progress	25 (b)	404.15	(436.45)
Employee benefits expense	26	1,803.54	1,688.77
Finance costs	27	169.27	182.57
Depreciation and amortisation expense	28	1,780.04	1,419.65
Other expenses	29	5,794.61	4,571.04
Total expenses		21,747.09	17,317.61
Profit before exceptional items and tax		5,124.74	4,189.05
Exceptional item	30	33.69	(132.70)
Profit before tax		5,091.05	4,321.75
Tax expense	31		
- Current tax		1,178.54	893.93
- Tax related to previous years		(33.37)	(134.62)
- Deferred tax (credit)		(7.09)	(52.98)
Total tax expense		1,138.08	706.32
Profit for the year		3,952.97	3,615.43
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair values of equity instruments carried at fair value through other comprehensive income		(40.05)	-
Remeasurements of defined benefit obligations		2.34	(15.57)
Income tax relating to above mentioned item		(0.60)	3.92
Exchange difference on translation of foreign subsidiaries		100.35	40.35
<i>Items that will be reclassified to profit or loss</i>			
Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		17.12	-
Income tax relating to above mentioned item		(4.34)	-
Other comprehensive income for the year		74.82	28.70
Total comprehensive income for the year		4,027.79	3,644.13
Earnings per equity share of face value of ₹ 10 each			
Earnings per share (Basic) (in ₹)	38	6.76	6.22
Earnings per share (Diluted) (in ₹)	38	6.75	6.21

The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For Walker Chandniok & Co LLP

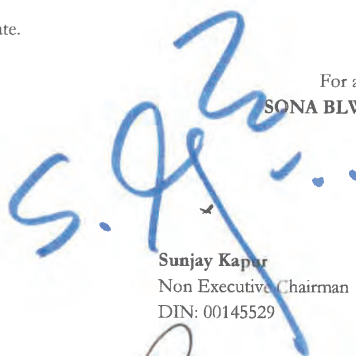
Chartered Accountants

Firm Registration No. : 001076N/N5100113


Arun Tandon

Partner

Membership No: 517273


 For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Sunjay Kapur

Non Executive Chairman

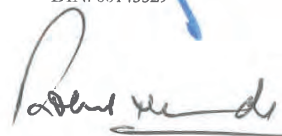
DIN: 00145529


Vivek Vikram Singh

Managing Director and

Group Chief Executive Officer

DIN: 07608495


Rohit Nanda

Group Chief Financial Officer


Ajay Pratap Singh

Company Secretary

M.No. - FCS-5253



Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023

SONA BLW PRECISION FORGINGS LIMITED
Consolidated Cash Flow Statement for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flows from operating activities		
Profit before income tax	5,091.05	4,321.75
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,780.04	1,419.65
(Profit)/Loss on sale of property plant and equipment (net)	(0.61)	8.75
Allowance for doubtful receivables	43.84	4.45
Share based payments	30.18	66.60
Unwinding of discount on fair valuation of security deposits	(1.34)	(1.34)
Amortisation of transaction cost based on effective interest rate	-	10.12
Unwinding of discount on deferred payment liabilities	-	0.91
Provision for warranty	20.04	-
Provision for slow moving inventory	11.01	10.61
Fair value loss on derivatives	60.11	117.33
Finance costs	161.20	172.32
Interest income	(112.46)	(179.21)
Unrealised foreign exchange (gain)/ loss	(17.93)	(72.05)
Operating profit before working capital changes	7,065.13	5,879.91
Changes in working capital		
Movement in inventories	434.82	(598.38)
Movement in trade receivables	(1,553.28)	(213.28)
Movement in financial assets	36.86	82.25
Movement in other assets	81.80	(194.57)
Movement in trade payable	306.11	(21.35)
Movement in financial liabilities	28.34	(1.20)
Movement in provision	12.87	12.55
Movement in other liabilities	22.71	43.53
Cash generated from operations	6,435.36	4,989.48
Direct taxes paid	(1,102.47)	(543.67)
Net cash flow generated from operating activities - Total (A)	5,332.89	4,445.81
B. Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(3,352.41)	(3,472.13)
Proceeds from sale of property, plant and equipment	1.56	33.93
Movement in bank balances other than cash and cash equivalents	(22.06)	(210.19)
Sale/(Purchase) of current investment (net)	(2,207.57)	(65.27)
(Purchase) of Non-current investment	(79.48)	-
Interest received	30.91	179.21
Net cash (used) in investment activities - Total (B)	(5,629.05)	(3,534.45)
C. Cash flows from financing activities		
Proceeds/(Repayment) from short term borrowings, net	1,333.92	(898.02)
Repayment of long term borrowings	(12.50)	(2,505.67)
Proceeds from long term borrowings	150.00	450.00
Repayment of deferred payment liabilities	-	(21.04)
Repayment of lease liabilities {inclusive of interest paid on lease liability Rs. 77.51 million (March 31 2022 : Rs. 76.99 million)}	(112.76)	(101.37)
Dividend paid	(1,199.27)	(449.95)
Net proceeds from issue of equity shares	40.34	3,040.75



SONA BLW PRECISION FORGINGS LIMITED
Consolidated Cash Flow Statement for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2023	For the year ended 31st March 2022
Expense related to capital raising	-	(59.26)
Interest paid	(12.28)	(92.03)
Net cash flow from/(used) in financing activities - Total (C)	187.45	(636.60)
D Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)	(108.71)	274.76
E. Cash and cash equivalents at the beginning of the year	536.06	249.48
F. Effect of exchange differences on cash and cash equivalents	13.73	11.81
G Cash and cash equivalents at the end of the year (D)+(E)	441.08	536.06

Reconciliation of cash and cash equivalents as per the cash flow statement (refer note 12)

Cash and cash equivalents as per above comprise of the following

Balances in current accounts	200.23	480.60
Cash on hand	0.08	0.14
Cheque on hand	-	53.17
Bank deposits with original maturity of less than three months	240.77	2.15
Balances per statement of cash flows	441.08	536.06

The summary of significant accounting policies and other explanatory information form an integral part of these consolidated financial statements.

Refer note 1 to 56

This is the consolidated statement of cash flows referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon

Partner

Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. Kapur

Sunjay Kapur

Non Executive Chairman

DIN: 00145520

Vivek Vikram Singh

Vivek Vikram Singh

Managing Director and

Group Chief Executive Officer

DIN: 07698495

Rohit Nanda

Rohit Nanda

Group Chief Financial Officer

Ajay Pratap Singh

Ajay Pratap Singh

Company Secretary

M.No. - FCS-5253



Place: New Delhi

Date: May 03, 2023

Place: Gurugram

Date: May 03, 2023

SONA BLW PRECISION FORGINGS LIMITED
Consolidated Statement of Changes in Equity for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)

A. Equity share capital

	Amount
Balance as at 1 April 2021	5,729.80
Equity share issued during the year	113.72
Balance as at 31 March 2022	5,843.53
Equity share issued during the year	10.52
Balance as at 31 March 2023	5,854.05

B. Other equity

	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow hedge reserve	Foreign currency translation reserve	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings					
Balance as at 1 April 2021	120.00	2,608.05	25.93	45.37	4,804.32	(328.28)	-	16.92	737.23	8,029.53
Net profit for the year	-	-	-	-	3,615.43	-	-	-	-	3,615.43
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(11.65)	-	-	-	-	(11.65)
Dividend paid	-	-	-	-	(449.95)	-	-	1.35	-	(448.60)
Expense related to capital raising	-	(59.26)	-	-	-	-	-	-	-	(59.26)
Premium received on issue of shares (refer note 45 and 52)	-	2,927.03	-	-	-	-	-	-	-	2,927.03
Employee stock option reserve created during the year	-	-	-	66.61	-	-	-	-	-	66.61
Impact on exercise of ESOPs grants (Refer Note 45)	-	47.17	-	(47.17)	-	-	-	-	-	-
Impact of option lapsed during the year (Refer Note 45)	-	-	-	(0.28)	0.28	-	-	-	-	-
Foreign currency translation during the year	-	-	-	-	-	-	-	40.35	-	40.35
Balance as at 31 March 2022	120.00	5,522.99	25.93	64.53	7,958.43	(328.28)	-	58.62	737.23	14,159.44
Balance as at 1 April 2022	120.00	5,522.99	25.93	64.53	7,958.43	(328.28)	-	58.62	737.23	14,159.44
Net profit for the year	-	-	-	-	3,952.97	-	-	-	-	3,952.97
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax) (refer note 48)	-	-	-	-	-	-	12.78	-	-	12.78
Changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	-	-	(40.05)	-	-	-	(40.05)
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	1.74	-	-	-	-	1.74
Dividend paid	-	-	-	-	(1,199.27)	-	-	-	-	(1,199.27)
Employee stock option reserve created during the year	-	-	-	30.18	-	-	-	-	-	30.18
Impact on exercise of ESOPs grants (Refer Note 45)	-	48.68	-	(48.68)	-	-	-	-	-	-
Premium on ESOPs Issue	-	29.81	-	-	-	-	-	-	-	29.81
Foreign currency translation during the year	-	-	-	-	-	-	-	100.35	-	100.35
Balance as at 31 March 2023	120.00	5,601.48	25.93	46.03	10,713.87	(368.33)	12.78	158.97	737.23	17,047.95

This is the consolidated statement of changes in equity referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants

Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon

Partner

Membership No: 517273



S. Kapur

Sunjay Kapur

Non Executive Chairman

DIN: 00145529

Rohit Nanda

Rohit Nanda

Group Chief Financial Officer



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Vivek Vikram Singh

Vivek Vikram Singh

Managing Director and Group Chief Executive Officer

DIN: 07694495

Ajay Pratap Singh

Ajay Pratap Singh

Company Secretary

M.No. - FCS-5253

Place: New Delhi
Date: May 03, 2023

Place: Gurugram
Date: May 03, 2023

Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2023

1. Group overview

Sona BLW Precision Forgings Limited (the “Parent Company” or the “Company”), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as “the Group”) are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications

2. Group Companies

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited, its subsidiaries and its associate (hereinafter referred together referred to as ‘Group’) which are listed below:

Name of Subsidiary	Country of incorporation	Proportion of ownership (%) as at 31 March 2023	Proportion of ownership (%) as at 31 March 2022
Comstar Automotive Technologies Services Private Limited	India	100%	100%
Comstar Automotive USA LLC	USA	100%	100%
Comstar Hong Kong Mexico No. 1, LLC	USA	100%	100%
Comstar Automotive Hong Kong Ltd.	Hong Kong	100%	100%
Comestel Automotive Technologies Mexicana Ltd	Hong Kong	100%	100%
Comstar Automotive (Hangzhou) Co., Ltd	China	100%	100%
Comenergja Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Sona Comstar eDrive Private Limited	India	100%	100%

3. Significant accounting polices

This note provides a list of the significant accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as “Consolidated Financial Statements”). The Consolidated Financial Statements has been prepared to comply in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. All significant intercompany transactions and balances between Group entities are eliminated on consolidation. The Company’s equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE).



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2023

These CFS have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans – plan assets measured at fair value

b) Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

c) Basis of consolidation

The consolidated financial statements includes the financial statements of the Company, its subsidiaries and the entities controlled by the Group as at March 31, 2023. Control is achieved when the Group:

- has power over the investee;
- has the ability to use its power to affect its return; and
- is exposed, or has rights, to variable returns from its involvement with the investee

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated
financial statements for the year ended 31 March 2023

d) Property, plant and equipment and capital work in progress

Freehold land is carried at cost. All other items of property, plant and equipment and capital work in progress are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory Buildings	3 to 30
Plant and equipment	1 to 25
Furniture and fixtures	3-10
Computers and IT equipment	3
Vehicles	4 to 8
Office equipment	1-5
Leasehold improvements	Over the effective term of lease

In case of subsidiaries, the following useful lives have been used by the Group:

Asset category	Useful life (in years)
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2023

on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its 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.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation methods and periods.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	1 to 6
Technical knowhow	6
Brand	Indefinite
Customer Relationship	15
Goodwill	Indefinite
Technology development expenditure	5

The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss under the head Depreciation and amortization expense.

Derecognition:

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2023

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

Intangible assets - Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

f) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue from sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price. The transaction price of goods sold is net of variable consideration on account of discounts. Revenue is disclosed exclusive of goods and services tax.

Other incomes

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

Revenue from contract with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.



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Summary of significant accounting policies and other explanatory information to the consolidated
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Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2023

h) Leases

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. 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. 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 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 recognises 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 right to extend the lease. ROU assets and lease liabilities includes 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.

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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

i) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2023

Subsequent measurement of financial assets and financial liabilities is described below:

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Financial assets at amortised cost

A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.



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De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

Hedge accounting

The Company designates certain hedging instruments mainly derivatives, in respect of foreign currency risk, as cash flow hedges to manage foreign currency exchange risk arising from certain highly probable sales transactions.

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 Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

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 and Loss, and is included in the 'Other income' / 'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and 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 included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously



j) Impairment of financial assets

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

k) Impairment of non-financial assets

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are



Sona BLW Precision Forgings Limited
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grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

m) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

o) Employee benefits

i) Short-term obligations



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Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

ii) Post-employment benefits

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

iii) Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

iv) Termination benefits are recognized as an expense immediately.

p) **Employee share based payments**

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

q) **Earnings per share**

Basic earnings per share



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Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

r) Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

s) Rounding of amounts



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All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

t) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.

u) Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.



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Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

v) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

3. (B) Standards issued but not yet effective

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") vide its notification dated March 23, 2023 has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 to further amend the Companies (Indian Accounting Standards) Rules, 2015. Amendments have been made to the following standards.

Amendment to Ind AS 12 and Ind AS 101

Now the Initial Recognition Exemption (IRE) does not apply to transactions that give rise to equal and offsetting temporary differences. Narrowed the scope of IRE (with regard to leases and decommissioning obligations). Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The application of this amendment is not expected to have a material impact on the Company's financial statements.

Amendment to Ind AS 1 and Ind AS 34 and Ind AS 107

Companies should now disclose material accounting policies rather than their significant accounting policies. The application of this amendment is not expected to have a material impact on the Company's financial statements.

Amendment to Ind AS 8



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Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate'. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments listed above will be effective on or after April 1, 2023 and are not expected to significantly affect the current or future periods.

3. (C) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

a) Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

c) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

d) Useful lives of tangible/intangible assets

The Group reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

e) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



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f) Impairment of non-financial assets and goodwill

In assessing impairment, Group estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

h) Measurement of share based payments;

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds)

i) Capitalisation of internally developed intangible assets

The Group applies judgement in determining at what point the recognition criteria under Ind AS 38 is satisfied with respect to technology development expenditure being incurred.



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(Figures in Million ₹, unless stated otherwise)

4 Property, plant and equipment, Capital work-in-progress and Right of Use Asset

	Freehold land				Buildings (Refer note i)				Plant and equipment (Refer note ii)		Furniture and fixtures		Office Equipment		Computers		Vehicles		Leasehold improvement		Total		Right-of-use assets		Total			
Gross block as at 1st April 2021	25.83	519.63	3,614.47	52.97	94.17	106.01	107.14	135.57	4,655.79	821.36	925.43	813.54	1,738.97															
Additions	-	64.49	2,842.04	15.87	15.56	38.46	90.45	10.69	3,077.56	3,171.76	-	1.81	1.81															
Disposals	-	-	(66.17)	-	-	(2.36)	(42.73)	-	(111.26)	-	-	-	-															
Transfer on capitalisation	-	-	-	-	-	-	-	-	-	(2,584.49)	-	-	-															
Foreign currency translation reserve	0.12	1.08	8.46	0.26	0.01	0.36	0.38	0.38	10.67	-	-	-	-															
Gross block as at 31st March 2022	25.95	585.20	6,398.80	69.10	109.74	142.47	155.25	146.25	7,632.76	1,408.63	925.43	823.82	1,749.25															
Accumulated depreciation as at 1st April 2021	-	82.33	920.99	20.72	49.23	56.54	41.01	35.91	1,206.74	-	28.08	118.25	146.32															
Depreciation charge during the year	-	29.80	693.43	7.76	14.98	28.80	23.36	12.18	810.32	-	10.48	75.79	86.26															
Disposals	-	-	(41.43)	-	-	(2.28)	(24.73)	-	(68.45)	-	-	-	-															
Foreign currency translation reserve	0.21	0.21	4.43	(0.33)	0.01	0.32	0.33	-	4.98	-	-	-	-															
Accumulated depreciation as at 31st March 2022	-	112.35	1,577.42	28.15	64.23	83.39	39.97	48.09	1,953.59	-	38.55	196.60	235.15															
Net carrying amount as at 31st March 2022	25.95	472.85	4,821.38	40.96	45.51	59.08	115.28	98.16	5,679.17	1,408.63	886.88	627.22	1,514.09															
Gross block as at 1st April 2022	25.95	585.20	6,398.80	69.10	109.74	142.47	155.25	146.25	7,632.76	1,408.63	925.43	823.82	1,749.25															
Additions	-	587.51	2,912.69	26.94	37.41	56.32	46.24	7.55	3,674.66	2,960.24	-	-	-															
Disposals	-	-	(186.08)	-	-	(4.02)	(5.39)	-	(195.48)	-	-	-	-															
Transfer on capitalisation#	-	-	-	-	-	-	-	-	-	(3,675.61)	-	-	-															
Foreign currency translation reserve	0.30	2.59	16.18	0.49	0.03	0.57	0.48	0.29	20.64	0.29	-	6.81	6.81															
Gross block as at 31st March 2023	26.25	1,175.30	9,141.60	96.54	147.17	195.34	196.58	153.80	11,132.58	693.55	925.43	830.63	1,756.06															
Accumulated depreciation as at 1st April 2022	-	112.35	1,577.42	28.15	64.23	83.39	39.97	48.09	1,953.59	-	38.55	196.60	235.15															
Depreciation charge during the year	-	40.06	1,005.01	10.79	15.66	38.74	31.06	13.42	1,154.75	-	13.16	69.86	83.02															
Disposals	-	-	(186.08)	-	-	(4.02)	(4.43)	-	(194.52)	-	-	-	-															
Foreign currency translation reserve	-	0.57	7.08	0.74	0.03	0.53	0.52	-	9.46	-	-	3.47	3.47															
Accumulated depreciation as at 31st March 2023	-	152.99	2,403.43	39.67	79.91	118.64	67.12	61.51	2,923.27	-	51.71	269.93	321.64															
Net carrying amount as at 31st March 2023	26.25	1,022.31	6,738.17	56.86	67.26	76.70	129.46	92.29	8,209.32	693.55	873.72	560.70	1,434.42															

Transfer on capitalisation also includes amount transferred to intangible assets.



CWIP aging schedule as at 31st March, 2023

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress *	689.12	3.46	0.98	693.55

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

CWIP aging schedule as at 31st March, 2022

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress *	1,065.65	54.26	180.62	1,408.63

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

Notes:

- Building (gross block) amounting ₹ 1,012.16 million (31 March 2022: ₹ 208.91 million), net block ₹ 857.59 million (31 March 2022: ₹ 150.33 million) is constructed on leasehold land.
- Refer note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- Refer note 16 for information on property, plant and equipment pledged as security by the company.
- Property, plant and equipment, Capital work-in-progress include gross assets amounting to Rs. 550.14 million (March 31 2022 : Rs. 349.46 million) relating to development.
- Property, plant and equipment of ₹ 131.00 million (31 March 2022 : ₹ 111.00 million) and capital work in progress of ₹ 28.00 million (31 March 2022 : ₹ 19.00 million) is lying with job workers.



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5 Intangible assets, Intangible assets under development and Goodwill

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure #	Brand #	Customer relationships #	Total	Intangible assets under development	Goodwill on consolidation (Including assembled workforce)#
Gross block as at 1st April 2021	231.67	27.18	992.90	687.40	4,009.00	5,948.15	10.76	1,758.09
Additions	42.78	3.97	-	-	-	46.75	77.56	-
Transfer to intangible assets	-	-	-	-	-	-	(23.12)	-
Gross block as at 31st March 2022	274.46	31.15	992.90	687.40	4,009.00	5,994.91	65.20	1,758.09
Accumulated amortisation as at 1st April 2021	67.58	16.98	32.01	-	465.37	581.94	-	-
Amortisation charge for the year	52.52	4.89	198.58	-	267.07	523.06	-	-
Accumulated amortisation as at 31st March 2022	120.10	21.87	230.59	-	732.44	1,105.00	-	-
Net carrying amount as at 31st March 2022	154.36	9.28	762.31	687.40	3,276.56	4,889.91	65.20	1,758.09
Gross block as at 1st April 2022	274.46	31.15	992.90	687.40	4,009.00	5,994.91	65.20	1,758.09
Additions	126.78	-	-	-	-	126.78	265.64	-
Transfer to intangible assets	-	-	-	-	-	-	(113.05)	-
Gross block as at 31st March 2023	401.24	31.15	992.90	687.40	4,009.00	6,121.69	217.79	1,758.09
Accumulated amortisation as at 1st April 2022	120.10	21.87	230.59	-	732.44	1,105.00	-	-
Amortisation charge for the year	71.63	5.07	198.60	-	267.07	542.38	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated amortisation as at 31st March 2023	191.73	26.94	429.20	-	999.51	1,647.38	-	-
Net carrying amount as at 31st March 2023	209.51	4.21	563.70	687.40	3,009.49	4,474.31	217.79	1,758.09

Refer note 46

Intangible assets under development aging schedule for the year ended March 31, 2023

Particulars	Amount in intangible assets under development for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress*	186.24	31.55	-	217.79

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Intangible assets under development aging schedule for the year ended March 31, 2022

Particulars	Amount in intangible assets under development for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress*	65.20	-	-	65.20

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

(f) Intangible assets and Intangible assets under development include gross assets amounting to Rs. 1,354.24 million (March 31 2022 . Rs. 1,141.99 million) relating to development.



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6	Investments	As at 31st March 2023	As at 31st March 2022
	At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)		
	9,553 (31 March 2022: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
	Less: Provision for impairment	(211.66)	(211.66)
	At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies (non-current)		
	392,647 (31 March 2022: 392,647) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
	Less: Provision for impairment	(116.62)	(116.62)
	Fair value through other comprehensive income, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)		
	927,639 (31 March 2022: Nil) equity shares of C-Motive Technologies, Inc.	44.93	-
	Aggregate amount of unquoted non-current investments	44.93	-
	Aggregate amount of impairment of unquoted investments	328.28	328.28
		As at 31st March 2023	As at 31st March 2022
	Investment (current)		
	At fair value through profit and loss - Quoted Investment		
	173,743.33 units (31 March 2022: 18598.38) of HDFC Overnight Fund - Regular	577.68	65.30
	421,505.70 units (31 March 2022: Nil) of Axis Overnight Fund - Regular	499.72	-
	136,764.31 units (31 March 2022: Nil) of SBI Overnight Fund - Regular	499.09	-
	113,032.72 units (31 March 2022: Nil) of Kotak Overnight Fund - Regular	135.16	-
	411,645.79 units (31 March 2022: Nil) of ABSL Overnight Fund - Regular	499.10	-
	JP Morgan 100% US Treasury Securities Money Market Fund (31 March 2022 : nil)	70.06	-
		2,280.81	65.30
	Aggregate amount of quoted investments at market value	2,280.81	65.30
7	Other financial assets		
		As at 31st March 2023	As at 31st March 2022
	Unsecured, considered good		
	Non current		
	Security deposits	80.33	64.74
	Fixed deposits with banks with maturity period of more than 12 months	12.04	-
	Total other financial assets- non current	92.37	64.74
	Current		
	Forward contract receivables (refer note 34)	-	29.49
	Security deposits	-	30.00
	Other financial assets	2.91	0.39
	Royalty income receivable	-	4.71
	Total other financial assets- current	2.91	64.59
	Notes:		
	i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 33 and 34		
8	Income tax assets (net)		
		As at 31st March 2023	As at 31st March 2022
	Non current		
	Prepaid taxes *	273.03	270.23
		273.03	270.23
	* Includes amount paid under protest of ₹ 24.48 million (31 March 2022: ₹ 24.48 million)		



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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

9 Other assets

	As at 31st March 2023	As at 31st March 2022
Non current		
Prepaid expenses	1.69	1.01
Un-adjusted consideration for revenue contract	33.40	41.83
Capital advances	363.17	512.48
Total other assets- non current	398.26	555.32
Current		
Prepaid expenses	99.61	91.49
Loans and advances to employees	4.06	2.94
Advance to suppliers for goods and services	193.93	119.10
Balance with government authorities	312.54	415.49
Un-adjusted consideration for revenue contract	11.21	14.24
Other assets	101.20	141.28
Less: Allowance for doubtful advances	(20.38)	(20.38)
Total other assets- current	702.17	764.16

10 Inventories

	As at 31st March 2023	As at 31st March 2022
Raw materials and components *	1,095.21	1,107.86
Work-in-progress**	324.89	326.07
Finished goods***	1,407.57	1,810.54
Stores and spares	149.03	126.60
Loose tools	55.57	48.68
Dies, jigs and fixtures	185.88	197.09
Scrap	11.26	16.92
Total	3,229.41	3,633.75

Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 65.82 million (31 March 2022: ₹ 54.50 million)

* Includes raw materials and components in transit amounting ₹ 111.67 million (31 March 2022: ₹ 50.16 million)

* Includes raw materials and components with the vendors sent for job work ₹ 15.13 million (31 March 2022: ₹ 11.80 million)

** Includes inventory with the vendors sent for job work ₹ 126.77 million (31 March 2022: ₹ 108.98 million)

*** Includes goods in transit ₹ 428.92 million (31 March 2022: ₹ 476.94 million)

11 Trade receivables

	As at 31st March 2023	As at 31st March 2022
Unsecured		
Trade receivables considered good	6,088.52	4,451.89
Trade receivables - credit impaired	51.26	7.42
Less: Allowances for expected credit loss	(51.26)	(7.42)
Total trade receivables	6,088.52	4,451.89

Notes:

(i) Refer note 37 for receivable balance from related parties.

(ii) Refer note 33 - Financial instruments for assessment of expected credit losses.

(iii) There are no disputed dues from customers

(iv) General credit period is 30 to 90 days.

(v) There is no significant financing component in receivables except mentioned in note 16(ii).



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Trade receivables ageing schedule as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	159.34	5,374.20	533.26	15.47	5.34	0.91	-	6,088.52
(ii) Trade receivables - credit impaired	-	-	46.66	0.44	0.13	1.79	2.25	51.26

Trade receivables ageing schedule as at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	34.79	3,884.76	490.83	39.47	2.03	-	-	4,451.89
(ii) Trade receivables - credit impaired	-	0.16	1.07	1.09	2.32	1.09	1.69	7.42

12 Cash and cash equivalents

	As at 31st March 2023	As at 31st March 2022
Balance with banks		
- in current accounts*	200.23	480.60
Cash on hand	0.08	0.14
Cheque on hand	-	53.17
Bank deposits with original maturity of less than three months	240.77	2.15
Total cash and cash equivalents	441.08	536.06

* Includes Rs. 4.05 million (31 March 2022 : Nil) for amount earmarked for corporate social responsibility.

13 Other bank balances

	As at 31st March 2023	As at 31st March 2022
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	257.28	236.46
Total other bank balances	257.28	236.46

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SONA BLW PRECISION FORGINGS LIMITED
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)
14 (A) Equity share capital

	As at 31st March 2023	As at 31st March 2022
Authorised share capital		
1,148,500,000 (31 March 2022: 1,148,500,000) equity shares of ₹ 10 each)	11,485.00	11,485.00
Issued, subscribed and paid up share capital		
585,404,582 (31 March 2022: 584,352,710) equity shares of ₹ 10 each fully paid up	5,854.05	5,843.53
i) Reconciliation of shares outstanding at the beginning and at the end of the year		
Number of shares	As at 31st March 2023	As at 31st March 2022
Equity shares outstanding at the beginning of the year	584,352,710	572,980,560
Add : Issue of shares (refer note 45 and note 52)	1,051,872	11,372,150
Equity shares outstanding at the end of the year	585,404,582	584,352,710
Amount	As at 31st March 2023	As at 31st March 2022
Equity shares outstanding at the beginning of the year	5,843.53	5,729.81
Add : Issue of shares	10.52	113.72
Equity shares outstanding at the end of the year	5,854.05	5,843.53

ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iii) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31st March 2023	As at 31st March 2022
Singapore VII Topco III Pte. Ltd.	-	199,359,141
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	193,208,904
Axis Mutual Fund	36,816,647	-
Sbi Mutual Fund	34,844,885	-
Mirae Mutual Fund	33,685,443	-
Government Of Singapore	31,342,849	-
Percentage	As at 31st March 2023	As at 31st March 2022
Singapore VII Topco III Pte. Ltd.	-	34.12%
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	33.00%	33.06%
Axis Mutual Fund	6.29%	-
Sbi Mutual Fund	5.95%	-
Mirae Mutual Fund	5.75%	-
Government Of Singapore	5.35%	-

iv) The Board of Directors of the Company had approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31 March 2023 and five years immediately preceding the year ended 31 March 2023.

v) Promoters shareholding
Shareholding of promoters as on March 31, 2023

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd. (refer note 52)	-	-	(34.12)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.00	(0.06)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
*Raghuvanshi Investment Private Limited	744	**	-
Total	193,209,911	33.00	(34.18)



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Shareholding of promoters as on March 31, 2022

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd. (refer note 52)	199,359,141	34.12	(32.16)
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	193,208,904	33.06	(0.66)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
Total	392,569,052	67.18	(32.82)

* Promoter Group

** Percentage is negligible

14 (B) Preference share capital

	As at 31st March 2023	As at 31st March 2022
Authorised share capital		
1,500,000 (31 March 2022: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31 March 2022: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	-

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SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

15 Other equity

	As at 31st March 2023	As at 31st March 2022
Retained earnings	10,713.87	7,958.43
General reserve	120.00	120.00
Securities premium	5,601.48	5,522.99
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(368.33)	(328.28)
Employee's stock options reserve	46.03	64.53
Foreign currency translation reserve	158.97	58.62
Cash flow hedge reserve (net of tax) (refer note 48)	12.78	-
Merger Reserve	737.23	737.23
Total reserves and surplus	17,047.95	14,159.44

a) Retained earnings

	As at 31st March 2023	As at 31st March 2022
Opening balance	7,958.43	4,804.32
Net profit for the year	3,952.97	3,615.43
Remeasurement of defined benefit obligations, net of tax	1.74	(11.65)
Less:-Dividend paid	(1,199.27)	(449.95)
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	-	0.28
Closing balance	10,713.87	7,958.43

Retained earnings are created from the profits of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

b) General reserve

	As at 31st March 2023	As at 31st March 2022
Opening balance	120.00	120.00
Closing balance	120.00	120.00

In earlier year, the Company transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

c) Securities premium

	As at 31st March 2023	As at 31st March 2022
Opening balance	5,522.99	2,608.05
Premium on fresh issue of equity shares	29.81	2,927.03
Less: Expense related to capital raising	-	(59.26)
Add : Impact on ESOP shares issuance	48.68	47.17
Closing balance	5,601.48	5,522.99

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

d) Capital redemption reserve

	As at 31st March 2023	As at 31st March 2022
Opening balance	25.93	25.93
Transferred from retained earnings	-	-
Closing balance	25.93	25.93

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier years.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

e) Merger Reserve

	As at 31st March 2023	As at 31st March 2022
Opening balance	737.23	737.23
Movement during the year	-	-
Closing balance	737.23	737.23

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited. (refer note 49)

f) Equity instruments through other comprehensive income

	As at 31st March 2023	As at 31st March 2022
Opening balance	(328.28)	(328.28)
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	(40.05)	-
Closing balance	(368.33)	(328.28)

This represents the changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity.

g) Employee's stock options outstanding reserve

	As at 31st March 2023	As at 31st March 2022
Opening balance	64.53	45.37
Add: Created during the year	30.18	66.61
Less: Utilised during the year	(48.68)	(47.17)
Less: Transferred to retained earning for option lapsed during the period (refer Note 45)	-	(0.28)
Closing balance	46.03	64.53

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

h) Foreign currency translation reserve

	As at 31st March 2023	As at 31st March 2022
Opening balance	58.62	16.92
Exchange difference reclassified to profit or loss on disposal of subsidiary	-	-
Currency translation during the year	100.35	41.70
Closing balance	158.97	58.62

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

i) Cash flow hedge reserve

	As at 31st March 2023	As at 31st March 2022
Opening balance	-	-
Add: Changes in fair value of hedge instruments	(338.36)	-
Less: Amount reclassified to Profit and loss	355.48	-
Less: Deferred tax relating to above (net)	(4.34)	-
Closing balance	12.78	-

Cumulative changes in the fair value of financial instruments designated as effective hedge are recognized in this reserve through OCI (net of taxes). Amounts recognized in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

16 Borrowings

(i) Non - current borrowings

	As at 31st March 2023	As at 31st March 2022
Secured		
Term loans from banks		
Indian rupee loans	587.50	450.00
	587.50	450.00
Less: Amount disclosed under current borrowings (refer note (ii) below)	(100.76)	(12.50)
Total non-current borrowings	486.74	437.50

Notes:

i) Above term loan is secured by first pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only. Second pari passu charge on entire current assets of the Company.

ii) Repayment schedule and Interest rates for the above Term Loans are as follows:

a) Term loan from HDFC bank amounting to Rs. 400.00 million (31 March 2022 : Rs. 350.00 million) is repayable in 12 quarterly instalments starting from October 2023.

b) Term loan from Citi bank amounting to Rs. 87.50 million (31 March 2022 : Rs. 100.00 million) is repayable in 16 quarterly instalments w.e.f. December 2022.

c) Term loan from Citi bank amounting to Rs. 100.00 million (31 March 2022 : nil) is repayable in 11 quarterly instalments starting from March 2024.

The interest rate for the above term loans from banks as at 31st March 2023 is a floating interest rate linked with T-bill current effective rate in the range of 7.69%-8.89% p.a (March 31, 2022 : 5.20%-5.81% p.a.).

(ii) Current borrowings

	As at 31st March 2023	As at 31st March 2022
Indian Rupee loans repayable on demand from banks (refer note (a) below)	1,442.46	57.59
Indian Rupee loans repayable on demand from NBFC (refer note (b) below)	144.72	196.11
Current Maturities of non current borrowings (refer note (i) above)	100.76	12.50
Total current borrowings	1,687.94	266.20

Notes:

a) Indian Rupee loans repayable on demand from banks

Above working capital loan is secured by first pari passu charge on entire current assets of the Company and second pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only.

Repayment and rate of interest:

i) Cash credit amounting to Rs. 7.67 million (31 March 2022 : Rs. 0.11 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 8.66% p.a (31 March 2022 : 7.10% p.a.)

ii) WCDL amounting to Rs. 11.54 million (31 March 2022 : Rs. 57.04 million) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate is 7.45% p.a (March 31, 2022: 7.20% p.a.)

iii) EPC amounting to Rs. 1,423.25 million (31 March 2022 : Nil) is repayable on demand carries interest @ floating rate linked with T-bill current year effective rate in the range of 5.02% - 6.17% p.a. (March 31, 2022: Nil)

b) Indian Rupee loans repayable on demand from NBFC

The parent company entered into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31st March 2023 the parent company had factoring facilities in place for trade receivables and amount of ₹ 144.72 million (31 March 2022: ₹196.11 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the parent company's customers. The parent company does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the parent company from the banks but yet to be collected by the financial institution from the parent company's customers.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

(iii) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cashflows');

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
Balance as at 1st April 2021	2,501.54	1,144.99	825.42	4,471.96
Cash Flows:				
Repayment of non-current borrowings	(2,505.67)	-	-	(2,505.67)
Proceeds from non-current borrowings	450.00	-	-	450.00
Proceeds from current borrowings (net)	-	(898.02)	-	(898.02)
Repayment of Deferred payment liabilities	(21.04)	-	-	(21.04)
Repayment of lease liabilities	-	-	(101.37)	(101.37)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	10.12	-	-	10.12
Unwinding of discount on deferred payment liabilities	0.91	-	-	0.91
Interest expense on lease liabilities	-	-	76.99	76.99
Interest accrued on long term borrowing movement	14.16	-	-	14.16
Other movement	(0.01)	6.73	6.74	13.46
Balance As at 31st March 2022	450.00	253.70	807.78	1,511.48
Cash Flows:				
Repayment of non-current borrowings	(12.50)	-	-	(12.50)
Proceeds from non-current borrowings	150.00	-	-	150.00
Proceeds from current borrowings (net)	-	1,333.92	-	1,333.92
Repayment of lease liabilities	-	-	(112.76)	(112.76)
Non-cash changes				
Interest expense on lease liabilities	-	-	77.51	77.51
Other movement	-	(0.44)	4.68	4.24
Balance As at 31st March 2023	587.50	1,587.18	777.22	2,951.89



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

17 Other financial liabilities	As at 31st March 2023	As at 31st March 2022
Non current		
Security deposits	1.74	1.74
Total other financial liabilities - non current	1.74	1.74
Current		
Interest accrued but not due on borrowings	5.25	1.91
Employee benefits payable	239.63	156.28
Capital creditors	524.99	687.76
Forward contract payables (refer note 34)	12.46	-
Security deposits	3.50	-
Other payables	0.59	32.04
Total other financial liabilities - current	786.42	877.98

18 Provisions	As at 31st March 2023	As at 31st March 2022
Non current		
Provision for compensated absences (refer below and note 39)	91.38	80.40
Provision for defined benefit plans (refer note 39)	26.62	0.55
Provision for warranty (refer below)	52.46	19.48
Total provisions - non current	170.46	100.44
Current		
Provision for compensated absences (refer below and note 39)	46.72	43.33
Provision for defined benefit plans (refer note 39)	14.39	39.05
Provision for warranty (refer below)	7.28	23.23
Total provisions - current	68.39	105.61

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

	As at 31st March 2023	As at 31st March 2022
Provision for Compensated Absences		
Opening balance	123.73	101.24
Additions	71.56	48.29
Amounts utilised	(57.19)	(25.80)
Closing balance	138.10	123.73
Provision for Warranty		
Opening balance	42.71	29.24
Additions	20.04	17.96
Amounts utilised	(3.01)	(4.48)
Closing balance	59.74	42.71

19 Deferred tax liabilities (net)

Movement in deferred tax assets/liabilities

31st March 2023

Particulars	Opening Balance	Recognised in the Consolidated Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	935.48	(7.25)	-	928.22
Provision for employee benefits obligation	(50.52)	(22.20)	0.60	(72.13)
Others	(1.09)	21.24	-	20.14
Total	883.86	(7.09)	0.60	876.24

31st March 2022



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Particulars	Opening Balance	Recognised in the Consolidated Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment and intangible assets	979.62	(44.14)	-	935.48
Provision for employee benefits obligation	(40.20)	(6.40)	(3.92)	(50.52)
Others	1.34	(2.44)	-	(1.09)
Total	940.77	(52.98)	(3.92)	883.86

Few subsidiary companies of the Group have net carry forward losses amounting to total of Rs. 143.94 million (31 March 2022: Rs. 98.57 million) on which deferred tax asset has not been recognised, which has a 15-20 years carry forward period.

Deferred tax assets amounting to ₹ 82.62 million as at 31 March 2023 (31 March 2022: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

20 Trade payables

	As at 31st March 2023	As at 31st March 2022
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	471.02	387.18
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,018.32	1,802.56
Total Trade payables	2,489.34	2,189.74

Note:

(i) Refer note 37 for balance payable to related parties

Trade payables aging schedule as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4.96	447.92	18.12	0.02	-	-	471.02
(ii) Others	161.58	1,570.13	265.07	2.11	0.17	19.26	2,018.32
Total	166.54	2,018.05	283.19	2.13	0.17	19.26	2,489.34

Trade payables aging schedule as at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4.36	307.05	69.83	5.71	0.23	0.00	387.18
(ii) Others	317.44	1,169.98	302.52	7.95	1.89	2.79	1,802.56
Total	321.80	1,477.03	372.35	13.65	2.12	2.79	2,189.74

21 Other Current liabilities

	As at 31st March 2023	As at 31st March 2022
Statutory dues payable	72.80	65.75
Revenue received in advance (refer note 44)	170.87	156.36
Others	-	0.06
Total current liabilities	243.67	222.17

22 Current tax liabilities

	As at 31st March 2023	As at 31st March 2022
Income tax liabilities (net) (Net of advance tax ₹ 1,010.39 million (31 March 2022: ₹ 736.14 million))	108.09	61.60
Total current tax liabilities	108.09	61.60



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SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

23 Revenue from operations	For the year ended 31st March 2023	For the year ended 31st March 2022
Sale of goods*	25,679.14	20,332.84
Other operating revenue		
Scrap sales	632.21	449.96
Export incentive	229.88	249.86
Liabilities written back	-	53.17
Royalty income	0.27	8.65
Others	8.60	2.29
Total revenue from operations	26,550.10	21,096.78
* Refer note 44.		
24 Other income	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest income from bank	41.03	13.07
Interest income from income tax refund	-	182.68
Profit on sale of investments	71.43	0.03
Others	3.42	4.47
Total other income	115.88	200.26
25 (a) Cost of materials consumed	For the year ended 31st March 2023	For the year ended 31st March 2022
Inventory at the beginning of the year	1,107.86	984.56
Add: Purchases during the year	11,782.83	10,015.32
Less: Inventory at the end of year	1,095.21	1,107.86
Cost of material consumed	11,795.48	9,892.03
25 (b) Changes in inventories of finished goods and work-in-progress	For the year ended 31st March 2023	For the year ended 31st March 2022
Inventories at the beginning of the year		
Work-in-progress	326.07	268.18
Finished goods	1,810.54	1,431.98
	2,136.61	1,700.16
Inventories at the end of the year		
Work-in-progress	324.89	326.07
Finished goods	1,407.57	1,810.54
	1,732.46	2,136.61
Changes in inventories	404.15	(436.45)
26 Employee benefits expense	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries, wages and allowances	1,479.01	1,368.69
Contribution to provident and other funds (refer note 39)	82.00	84.12
Staff welfare expenses	212.35	169.36
Share based payment to employees (refer note 45)	30.18	66.60
Total employee benefits expense	1,803.54	1,688.77
27 Finance costs	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest on loans	71.55	71.02
Other borrowing costs	0.00	3.04
Bank and other finance charges	17.91	31.52
Interest on lease liabilities (refer note 43)	77.51	76.99
Interest expenses on income tax	2.30	-
Total finance costs	169.27	182.57
28 Depreciation and amortisation expense	For the year ended 31st March 2023	For the year ended 31st March 2022
Depreciation of property, plant and equipment	1,154.65	810.32
Amortisation of intangible assets	542.38	523.06
Amortisation of right-of-use assets	83.02	86.26
Total depreciation and amortisation expense	1,780.04	1,419.65



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

29 Other expenses

	For the year ended 31st March 2023	For the year ended 31st March 2022
Consumption of stores, spares and tool	1,269.51	1,012.63
Power and fuel	652.47	484.30
Freight, clearing and forwarding charges	582.27	381.59
Packing material	362.39	317.55
Sub contracting cost	852.39	747.85
Rent (refer note 43)	20.69	31.43
Repairs and maintenance - plant and machinery	384.49	311.97
Repair and maintenance - buildings	27.34	16.01
Repair and maintenance - others	182.37	146.47
Manpower hiring on contract	478.19	388.71
Legal and professional charges	273.22	186.52
Rates and taxes	10.85	12.22
Insurance	58.98	55.51
Travelling, conveyance and vehicle expenses	177.09	120.75
Communication and stationery expenses	27.72	24.56
Security charges	28.66	21.69
Corporate social responsibility expense	40.08	54.74
Business promotion	34.17	13.10
Directors sitting fees and commision (refer note 37)	38.00	33.68
Loss on sale of property plant & equipments (net)	-	9.14
Allowances for expected credit loss	43.84	-
Provision for warranty	20.04	17.96
Miscellaneous expenses	229.85	182.67
Total other expenses	5,794.61	4,571.04

30 Exceptional item

	For the year ended 31st March 2023	For the year ended 31st March 2022
Expenditure incurred for listing and offer for sale of shares (refer note 50)	-	(132.70)
Related to diligence work for acquisition (refer note 50)	33.69	-
	33.69	(132.70)

31 Income tax expense

	For the year ended 31st March 2023	For the year ended 31st March 2022
Current tax	1,178.54	893.93
Tax related to previous years	(33.37)	(134.62)
Deferred tax charge/(credit)	(7.09)	(52.98)
Total Income Tax expense	1,138.08	706.32

a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended 31st March 2023	For the year ended 31st March 2022
Profit before income tax	5,091.05	4,321.75
Income tax as per statement of profit and loss	1,138.08	706.32
Tax at the Indian tax rate of 25.168% (31 March 2022: 25.168%)	1,281.27	1,087.65
Effect of non-deductible expenses	10.42	9.26
Transaction cost of an equity transaction	(10.63)	(3.30)
Dividend from foreign subsidiary at a lower rate	-	(25.19)
Tax effect of ESOP exercised	(94.16)	(126.81)
Lower tax paid in respect of dividend income due to change in tax position of FY 2020-21	-	(82.71)
Receipt of principal tax amount written off in earlier years*	(3.13)	(91.00)
Difference in tax rate of subsidiary companies	(46.11)	(43.94)
Others	0.42	(17.64)
Income tax expense (as per statement of profit and loss)	1,138.08	706.32

* The company had received income tax refunds during the financial year 2021-22. The difference between the refunds so received toward principal and tax receivable as per books was recorded as tax for the earlier years. Interest amounting to Rs 155.71 million had been recorded under the head other income.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

32 Research and development expenses

	For the year ended 31st March 2023	For the year ended 31st March 2022
Revenue expenditure charged to statement of profit and loss	283.24	269.98
Capital expenditure (refer note 4 and 5)	448.31	171.74
Total research and development expenses	731.55	441.72

33 Fair value measurements

a) Financial instruments by category

	As at 31st March 2023			As at 31st March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	6,088.52	-	-	4,451.89
Cash and bank balances	-	-	698.35	-	-	772.52
Other financial assets	-	-	95.28	-	-	99.84
Derivative financial assets	-	-	-	29.49	-	-
Investments	2,280.81	44.93	-	65.30	-	-
Total financial assets	2,280.81	44.93	6,882.15	94.79	-	5,324.25
Financial liabilities						
Borrowings	-	-	2,179.93	-	-	705.61
Trade payables	-	-	2,489.34	-	-	2,189.75
Other financial liabilities	-	-	770.45	-	-	877.82
Lease liabilities	-	-	777.22	-	-	807.78
Derivative financial liabilities	12.46	-	-	-	-	-
Total financial liabilities	12.46	-	6,216.94	-	-	4,580.96

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets/liabilities into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
As at 31 March 2023			
Foreign exchange forward contracts- liability	-	12.46	-
Total financial Liability	-	12.46	-
Investments- asset	2,280.81	44.93	-
Total financial assets	2,280.81	44.93	-
As at 31st March 2022			
Foreign exchange forward contracts- asset	-	29.49	-
Investments - asset	65.30	-	-
Total financial assets	65.30	29.49	-

ii) Financial assets and liabilities:

	As at 31st March 2023	As at 31st March 2022
Financial assets		
Trade receivables	6,088.52	4,451.89
Cash and bank balances	698.35	772.52
Other financial assets	95.28	99.84
Total financial assets	6,882.16	5,324.25
Financial liabilities		
Borrowings	2,179.93	705.61
Lease liabilities	2,489.34	2,189.75
Trade payable	770.45	877.82
Other financial liability	777.22	807.78
Total financial liabilities	6,216.94	4,580.96

All financial assets and financial liabilities are recorded at amortized cost the details of which are given above

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

34 Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

(A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

(a) Credit Risk Management

(i) Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss based on the following:

Asset group	Categorization of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets that expose the entity to credit risk –

Credit rating	Particulars	As at	As at
		31st March 2023	31st March 2022
Low credit risk	Cash and bank balances	698.35	772.52
	Other financial assets	95.28	99.84
	Derivative financial assets	-	29.49
Moderate credit risk	Trade receivables *	6,088.52	4,451.89

*These represent carrying values of financial assets, without deduction for expected credit losses

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

Trade receivables

To mitigate the credit risk related to trade receivables, the Group closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

(b) Expected credit losses for financial assets (other than trade receivables)

i) Financial assets (other than trade receivables)

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

For other financial assets - Credit risk is evaluated based on Group knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2023, and for the years ended 31 March 2022 is insignificant.

Reconciliation of loss allowance

	For the year ended 31st March 2023	For the year ended 31st March 2022
At the beginning of year	7.42	2.97
Movement during the year	43.84	4.45
Adjusted during the year		-
Total expected credit loss allowance	51.26	7.42

(B) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

(i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

Contractual maturities of financial liabilities:

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2023				
Borrowings	1,687.94	486.74	-	2,174.68
Trade payables	2,489.34	-	-	2,489.34
Other financial liabilities	775.71	-	-	775.71
Derivative financial liabilities	12.46	-	-	12.46
Lease liabilities	117.92	481.51	678.14	1,277.57
Total	5,083.36	968.25	678.14	6,729.75

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2022				
Borrowings	291.07	479.45	-	770.51
Trade payables	2,189.75	-	-	2,189.75
Other financial liabilities	879.73	-	-	879.73
Lease liabilities	111.76	473.28	797.57	1,382.61
Total	3,472.31	952.72	797.57	5,222.60

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31st March 2023	As at 31st March 2022
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SONA BLW PRECISION FORGINGS LIMITED
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)

Variable rate borrowings	2,174.68	705.61
Fixed rate borrowings	-	-
Total borrowings	2,174.68	705.61

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on profit after tax	As at 31st March 2023	As at 31st March 2022
Interest rate increase by 1.00% (31 March 2022: 1.00%)*	10.78	16.24
Interest rate decrease by 1.00% (31 March 2022: 1.00%)*	(10.78)	(16.24)

* Holding other variables constant, net of tax

(ii) Foreign currency risk

The Parent company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows

Foreign currency	As at 31st March 2023	As at 31st March 2022
Trade receivables and others		
United States Dollar (USD)	41.99	31.54
Euro (EUR)	1.02	0.71
RMB	6.46	12.91
Trade/other payables		
United States Dollar (USD)	3.72	8.12
Euro (EUR)	0.86	0.52
Japanese Yen (JPY)	269.70	0.62
Canadian Dollar (CAD)^	0.00	-
Swiss Franc (CHF)	0.06	0.01
Mexican Pesos (MXP)	2.64	1.48
RMB	2.07	11.64
Others	0.03	0.03

^Rounded off to Nil

Indian Rupee (₹)	As at 31st March 2023	As at 31st March 2022
Trade receivables and others		
United States Dollar (USD)	3,449.95	2,390.72
Euro (EUR)	91.61	59.64
RMB	77.15	154.15
Trade payables		
United States Dollar (USD)	305.53	615.41
Euro (EUR)	76.55	44.12
Japanese Yen (JPY)	166.14	0.38
Canadian Dollar (CAD)^	0.11	-
Swiss Franc (CHF)	5.68	0.82
Mexican Pesos (MXP)	11.98	5.62
RMB	24.69	138.95
Others	2.82	3.05

^Rounded off to Nil

Outstanding forward contracts as at the reporting date (Million USD)	107.47	88.97
Outstanding forward contracts as at the reporting date (Million JPY)- Payable	98.21	-
Outstanding forward contracts as at the reporting date (Million EUR)-Payable	0.21	-
Outstanding forward contracts as at the reporting date (₹ in million)- Receivable	8,896.49	6,872.34
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	61.63	-
Outstanding forward contracts as at the reporting date (₹ in million)- Payable	19.13	-



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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax	For the year ended 31st March 2023	For the year ended 31st March 2022
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31 March 2022: 1.00%)*	23.53	13.29
₹/USD- decrease by 1.00% (31 March 2022: 1.00%)*	(23.53)	(13.29)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 March 2022: 1.00%)*	0.11	0.12
₹/EURO- decrease by 1.00% (31 March 2022: 1.00%)*	(0.11)	(0.12)
JPY sensitivity		
₹/JPY- increase by 1.00% (31 March 2022: 1.00%)*	(1.24)	(0.00)
₹/JPY- decrease by 1.00% (31 March 2022: 1.00%)*	1.24	0.00
RMB sensitivity		
₹/RMB- increase by 1.00% (31 March 2022: 1.00%)*	0.39	0.11
₹/RMB- decrease by 1.00% (31 March 2022: 1.00%)*	(0.39)	(0.11)
CAD sensitivity		
₹/CAD- increase by 1.00% (31 March 2022: 1.00%)*	(0.00)	(0.01)
₹/CAD- decrease by 1.00% (31 March 2022: 1.00%)*	0.00	0.01
MXP sensitivity		
₹/MXP- increase by 1.00% (31 March 2022: 1.00%)*	(0.09)	(0.04)
₹/MXP decrease by 1.00% (31 March 2022: 1.00%)*	0.09	0.04
CHF sensitivity		
₹/CHF- increase by 1.00% (31 March 2022: 1.00%)*	(0.04)	(0.01)
₹/CHF- decrease by 1.00% (31 March 2022: 1.00%)*	0.04	0.01

* Holding other variables constant, net of tax

35 Capital management

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

	As at 31st March 2023	As at 31st March 2022
Long term borrowings including current maturities (refer note 16)	587.50	450.00
Short term borrowings (refer note 16)	1,587.18	253.70
Less: Cash and cash equivalents (refer note 12)	(441.08)	(536.06)
Net debts *	1,733.61	167.64
Equity share capital (refer note 14)	5,854.05	5,843.53
Other equity (refer note 15)	17,047.95	14,159.44
Total equity	22,901.99	20,002.97
Net Gearing ratio	7.57%	0.84%

* Excluding lease liabilities

Dividends	For the year ended 31st March 2023	For the year ended 31st March 2022
Equity share		
Interim dividend of ₹ 1.28 per each 585,404,582 equity share	749.32	-
Final dividend of ₹ 0.77 per each 584,352,710 equity share	449.95	-
Interim dividend of ₹ 0.77 per each 584,352,710 equity share	-	449.95
	1,199.27	449.95

The Board of Directors of the Company in its meeting held on May 03, 2023 has approved and declared final dividend of ₹ 1.53/- i.e (15.3%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2022-2023, subject to approval from shareholders.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

36 Segment information

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

Information about geographical areas

The Group's revenue disaggregated by primary geographical markets is as follows:

	For the year ended 31st March 2023	For the year ended 31st March 2022
India	10,848.36	8,030.55
Outside India	14,830.78	12,302.29
Total	25,679.14	20,332.84

Revenue outside India	For the year ended 31st March 2023	For the year ended 31st March 2022
North America	10,267.69	5,841.26
Europe	3,594.39	3,157.64
Asia (Excluding India)	957.36	3,246.06
Others	11.34	57.33
	14,830.78	12,302.29

Customers exceeding 10% of total revenue	For the year ended 31st March 2023	For the year ended 31st March 2022
No of customers exceeding 10% of total revenue	2	3
Total revenue of such customers (₹ million)	8,060.96	9,328.00

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets, Intangible assets under development and goodwill) are located into the following geographical regions:

	As at 31st March 2023	As at 31st March 2022
India	15,623.03	14,082.47
North America	830.32	824.05
Others	334.14	408.58
	16,787.49	15,315.10

37 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship

(i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (till 21st June 2021)

(ii) The entity having substantial interest in the Company

Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)
Singapore VII Topco III Pte Ltd. (with effect from 21st June 2021 till 13th March 2023)

(iii) Ultimate holding Company

BCP Topco I Pte Ltd. (till 21st June 2021)

(iv) Key Management Personnel

Name

Mr. Vivek Vikram Singh
Mr. Vadapalli Vikram Verma

Designation

Managing Director & Group CEO
Chief Executive Officer (Driveline Business)



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary

Non executive Directors

Mr. Sunjay Kapur	Chairman and Non-Executive Director
Mr. Prasan Abhaykumar Firodia	Independent director
Mr Subbu Venkata Rama Behara	Independent director
Mr. Amit Dixit	Director
Mr. Ganesh Mani	Director
Mrs Shradha Suri	Independent director
Mr. Jeffrey Mark Overly	Independent Director
Mrs. Diptri Mehta	Independent Director

Relative of KMP

Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta
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(v) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Harpreet Motors Private Limited

(vi) Promoter Group

Rani Kapur - RK Family Trust
Raghuvanshi Investment Private Limited
Charu Sachdev
Jasbir Sachdev
Ashok Sachdev

(i) Entity having substantial interest

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
Dividend paid		
Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)	396.08	153.51
Singapore VII Topco III pte Ltd.	307.01	148.77
Reimbursement of IPO expenses		
Singapore VII Topco III pte Ltd.	-	359.69

(ii) Key Management Personnel *

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
Managerial remuneration		
Mr. Vivek Vikram Singh	32.03	30.85
Mr. Vadapalli Vikram Verma	29.02	30.63
Mr. Rohit Nanda	25.63	24.09
Mr. Ajay Pratap Singh	8.20	7.13
Mr. Sat Mohan Gupta	23.56	18.17
Remuneration to relative of KMP		
Mr. Tanay Gupta	10.27	1.75
Issue of equity shares under ESOP Scheme		
Mr. Vivek Vikram Singh	8.46	8.46



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Mr. Vadapalli Vikram Verma	6.10	6.10
Mr. Rohit Nanda	4.57	4.57
Mr. Ajay Pratap Singh	1.10	1.52
Mr. Sat Mohan Gupta	6.10	6.10

Share based payment charged in profit and loss account

Mr. Vivek Vikram Singh	6.07	13.52
Mr. Vadapalli Vikram Verma	4.37	9.74
Mr. Rohit Nanda	3.28	7.31
Mr. Ajay Pratap Singh	1.10	2.44
Mr. Sat Mohan Gupta	4.37	9.74

Director Sitting Fee

Mr. Prasan Abhaykumar Firodia	0.70	0.45
Mr. B.V.R. Subbu	1.75	1.82
Mr. Jeffrey Mark Overly	2.30	1.36
Mrs. Shradha Suri	1.10	0.63
Mrs. Dipti Mehta	-	0.80

Commission

Mr. Sunjay Kapur	24.00	24.00
Mr. Jeffrey Mark Overly	5.90	6.16
Mr. B.V.R. Subbu	2.25	6.20

Dividend paid

Mr. Vadapalli Vikram Verma	0.37	0.06
Mr. Vivek Vikram Singh	0.28	-
Mr. Ajay Pratap Singh	0.02	0.01
Mr. Sat Mohan Gupta	0.31	0.04
Mr. Rohit Nanda	0.08	-
Mrs. Shradha Suri	#	#
Rani Kapur - RK Family Trust	#	-
Raghuvanshi Investment Private Limited	#	-
Charu Sachdev	#	-
Jasbir Sachdev	#	-
Ashok Sachdev	#	-

Sale of Vehicle

Mr. Vivek Vikram Singh	-	0.17
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*** Break- up of Key management personnel remuneration**

	For the year ended 31st March 2023	For the year ended 31st March 2022
Short-term employee benefits	120.61	115.83

* Including provident fund, leave encashment and any other benefit.

* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between September 14, 2021, to September 27, 2021 and between September 12, 2022, to September 14, 2022. There is however no financial impact of such payments on the Company.

Number less than Rs 10,000



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
Services received		
Harpreet Motors Private Limited	-	0.01

(c) Details of balances with related parties at year end

(i) Key Management Personnel

Balances as at year end	As at 31st March 2023	As at 31st March 2022
Payables		
Mr.Vivek Vikram Singh	11.21	8.71
Mr. Rohit Nanda	6.29	4.82
Mr. Vikram Verma Vedapalli	8.94	9.60
Mr. Jeffrey Mark Overly	5.90	4.04
Mr. Ajay Pratap Singh	2.14	1.47
Mr. Sat Mohan Gupta	5.46	-
Mr Subbu Venkata Rama Behara	2.25	-
Mr. Tanay Gupta	0.32	-

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

38 Earnings per share

	31-03-2023	31-03-2022
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	3,952.97	3,615.43
Total number of equity shares at the beginning of the year	584,352,710	572,980,560
Issue of shares	1,051,872	11,372,150
Total number of equity shares at the end of the year	585,404,582	584,352,710
Effect of exercise of share options (refer note 45)	514,926	343,775
Total number of equity shares (including options) at the end of the year	585,919,508	584,696,485
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	584,687,932	581,529,094
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	584,687,932	581,529,094
Effect of exercise of share options	514,926	343,775
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	585,202,858	581,872,869
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	6.76	6.22
(b) Diluted earnings per share (in ₹)	6.75	6.21

39 Employee Benefits

A Defined contribution plans:

Particulars	31-03-2023	31-03-2022
a) Provident fund	85.09	86.80
b) Employees state insurance corporation	0.33	0.32
c) Punjab/Haryana labour welfare fund	0.28	0.25
d) Employee benefit fund	0.15	-
e) National Pension Scheme	11.59	8.20
	97.44	95.57

B Defined benefit plans:

(i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Holding Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

I Expense recognised in the statement of profit and loss

	For the year ended 31st March 2023	For the year ended 31st March 2022
(i) Current service cost	24.34	20.67
(ii) Interest cost	16.20	6.48
(iii) Expected return on plan assets	(6.33)	(5.07)
Net expense recognised in the statement of profit and loss	34.20	22.08



SONA BLW PRECISION FORGINGS LIMITED
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)
II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31st March 2023	For the year ended 31st March 2022
(i) Actuarial changes arising from changes in demographic assumptions	(2.12)	(10.43)
(ii) Actuarial changes arising from changes in financial assumptions	(9.81)	17.04
(iii) Actuarial changes arising from changes in experience adjustments	10.77	9.84
(iv) Return on plan assets greater than discount rate	(1.18)	(0.89)
Net expense recognised in other comprehensive income	(2.34)	15.57

III Changes in obligation

	For the year ended 31st March 2023	For the year ended 31st March 2022
(i) Opening balance	265.24	219.72
(ii) Current service cost	24.34	20.52
(iii) Interest cost	8.56	15.19
(iv) Benefit payments directly by employer	(5.13)	(3.38)
(v) Actuarial (gain)/loss	(1.15)	15.57
(vi) Benefit payments from plan assets	(2.15)	(2.40)
(vii) Present value of obligation as at year end	289.71	265.23

IV Changes in plan assets

	For the year ended 31st March 2023	For the year ended 31st March 2022
(i) Fair value of plan assets as at the beginning of the period	225.65	191.63
(ii) Interest income	14.12	11.92
(iii) Contributions by employer	23.02	26.99
(iii) Benefit payments from plan assets	(7.27)	(5.77)
(iv) Actuarial gain/(loss) on plan assets	1.18	0.89
Fair value of plan assets	256.70	225.65

V Net assets / liabilities

	As at 31st March 2023	As at 31st March 2022
(i) Present value of obligation at the end of the year	289.70	265.24
(ii) Fair value of plan assets at the end of the year	256.70	225.64
(iii) Net liabilities recognised in the balance sheet		
- Non current	26.62	0.55
- Current	14.10	39.05

VI Experience adjustment

	For the year ended 31st March 2023	For the year ended 31st March 2022
Experience adjustment loss on plan liabilities	6.52	5.64

VII Investment details

The Parent Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Parent Company and have therefore not been disclosed.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

VIII Principal actuarial assumptions

	For the year ended 31st March 2023	For the year ended 31st March 2022
Discount rate (per annum)	7.15%-7.30%	6.00-6.20%
Expected increase in salary costs (per annum)	8.00-9.00%	8.00-8.50%
Attrition rate	15.00-20.00%	15.00-17.00%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 and 60 years	58 years

IX Quantitative sensitivity analysis for significant assumptions is as below:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation	
	As at 31st March 2023	As at 31st March 2022
Delta effect of +1% change in rate of discounting	(13.51)	(16.53)
Delta effect of -1% change in rate of discounting	14.44	17.70
Delta effect of +1% change in rate of salary increase	14.17	17.33
Delta effect of -1% change in rate of salary increase	(13.44)	(16.38)

X Maturity profile of defined benefit obligation (undiscounted)

Particulars	As at 31st March 2023	As at 31st March 2022
Within the next 12 months (next annual reporting period)	56.58	43.61
Between 2 and 5 years	168.47	135.30
Between 6 and 10 years	120.38	108.86
Total expected payments	345.43	287.77

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 4 - 6.27 years (31 March 2022: 6.30 - 9 years)

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The expected contribution to the plan is expected to be similar to that of current year.

XIII Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

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SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 20

(Figures in Million ₹, unless stated otherwise)

40 Contingent liabilities

	As at 31st March 2023	As at 31st March 2022
a) Claims against the Company not acknowledged as debts		
i) Service tax		
Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
ii) Income Tax *		
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2011-12)**	2.14	4.21
Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officer (AY-2012-13)	3.18	3.18
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2013-14)	2.12	2.12
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.50	2.00
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)***	84.05	77.25
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)	-	2.28
Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	6.96	3.73
(iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals. (FY 2014-15 to FY 2017-18)	14.85	14.85
(iv) Goods and Services tax Act		
Writ petition filed before high court (GST case)	281.97	-

*Amount paid under protest of ₹ 24.48 million (31 March 2022: ₹ 24.48 million)

** Total disputed amount of the case is ₹ 4.21 million(including interest liability) out of which ₹ 2.27 million (including interest liability) has been provided as a provision and balance amount of ₹ 2.14 million (including interest liability) is being disclosed as a contingent liability.

*** Total disputed amount of the case is ₹ 85.88 million(including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 77.25 million (including interest liability) is being disclosed as a contingent liability.

As hearing date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefore. Moreover no monetary claim was filed or is pending.

c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Group are as under :

Particulars	As at 31st March 2023	As at 31st March 2022
Export obligation pending	3,203.19	4,429.60

41 Commitments

(a) Capital commitments	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	986.48	758.69
	986.48	758.69



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

42. Additional information as required by Paragraph 2 of the general instruction for the preparation of Consolidated financial statements as per Schedule III of Companies Act 2013:
31st March 2023

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	98.24%	22,498.17	98.18%	3,880.90	19.34%	14.47	96.71%	3,895.37
Subsidiaries- India								
Comstar Automotive Technologies Services Private Limited	0.36%	82.13	0.70%	27.76	0.04%	0.03	0.69%	27.80
Sona Comstar eDrive Private Limited	0.06%	13.94	(0.01%)	(0.21)	0.00%	-	(0.01%)	(0.21)
Subsidiaries- Foreign								
Comstar Automotive USA LLC	3.32%	760.31	7.15%	282.77	29.30%	21.92	7.56%	304.70
Comstar Automotive Hongkong Limited	0.07%	15.82	(0.16%)	(6.36)	(28.55%)	(21.36)	(0.69%)	(27.72)
Comstar Automotive (Hangzhou) Co., Ltd	0.52%	119.29	(1.04%)	(41.07)	17.47%	13.07	(0.69%)	(27.99)
Comestel Automotive Technologies Mexicana Ltd	1.81%	414.80	5.20%	205.36	2.20%	1.64	5.14%	207.00
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.05%)	(11.11)	0.06%	2.26	(3.28%)	(2.45)	(0.00%)	(0.19)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.71%	163.42	0.17%	6.57	43.17%	32.30	0.97%	38.87
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(5.04%)	(1,154.75)	(10.25%)	(405.02)	20.30%	15.19	(9.68%)	(389.83)
Total	100%	22,902.00	100%	3,952.97	100%	74.82	100%	4,027.79

31st March 2022

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	98.64%	19,731.55	97.79%	3,535.38	(40.15%)	(11.52)	96.70%	3,523.86
Subsidiaries- India								
Comstar Automotive Technologies Services Private Limited	0.27%	54.32	0.49%	17.64	(0.44%)	(0.13)	0.48%	17.51
Sona Comstar eDrive Private Limited	0.07%	14.19	(0.02%)	(0.81)	0.00%	-	(0.02%)	(0.81)
Subsidiaries- Foreign								
Comstar Automotive USA LLC	3.87%	773.44	6.50%	234.95	98.67%	28.32	7.22%	263.27
Comstar Automotive Hongkong Limited	0.17%	34.17	(0.10%)	(3.76)	39.87%	11.44	0.21%	7.68
Comestel Automotive Technologies Mexicana Ltd	0.98%	195.68	4.71%	170.30	27.35%	7.85	4.89%	178.15
Comstar Automotive (Hangzhou) Co., Ltd	0.79%	158.83	1.14%	41.37	22.38%	6.42	1.31%	47.80
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.06%)	(11.36)	(0.22%)	(8.13)	(1.75%)	(0.50)	(0.24%)	(8.64)
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.60%	119.96	0.03%	0.91	26.29%	7.54	0.23%	8.45
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(5.34%)	(1,067.83)	(10.30%)	(372.42)	(72.23%)	(20.73)	(10.79%)	(993.15)
Total	100%	20,002.97	100%	3,615.43	100%	28.70	100%	3,644.13



SONA BLW PRECISION FORGINGS LIMITED
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

43 Leases

- i) The Group has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee
- ii) The Group does not have any lease commitments towards variable rent as per the contract.
- iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Group must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Group shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

iv) Lease liabilities are presented in the statement of financial position as follows:

	As at 31st March 2023	As at 31st March 2022
Current	117.92	111.76
Non-current	659.30	696.02
	777.22	807.78

v) Future minimum lease payments are as follows:

Particulars	As at 31st March 2023		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	117.92	71.62	46.30
1-5 years	481.51	254.36	227.14
More than 5 years	678.14	174.36	503.78
	1,277.57	500.35	777.22
Particulars	As at 31st March 2022		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	111.76	67.88	43.88
1-5 years	473.28	206.24	267.04
More than 5 years	797.57	300.69	496.88
	1,382.61	574.81	807.78

vi) The following are amounts recognised in profit or loss:-

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Depreciation expense of right-of-use assets	83.02	86.26
Interest expense on lease liabilities	77.51	76.99
Rent expense (relating to short term leases on which lease liability is not recognised)	20.69	31.43
Total	181.22	194.68

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Total cash outflow pertaining to leases during the year	112.76	101.37

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

44 Revenue from contracts with customers
(a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31st March 2023	For the year ended 31st March 2022
Revenue by geography		
Domestic	10,848.36	8,030.55
Export	14,830.78	12,302.29
Total	25,679.14	20,332.84
Timing of revenue recognition		
Revenue recognised at point in time	25,339.26	20,291.34
Revenue recognised over the period of time	339.88	41.50
Total	25,679.14	20,332.84

(b) Liabilities related to contracts with customers

Particulars	As at 31st March 2023	As at 31st March 2022
Opening balance	156.36	91.66
Income recognised from advance	(421.78)	(126.92)
Advance received from customers during the year	436.28	191.62
Advance from customers and contract liability (refer note 21)	170.87	156.36

(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Group to its customers for the year ended 31 March 2023 ₹ 0.42 million (31 March 2021: ₹ 0.43 million)

(d) Contract assets

Particulars	As at 31st March 2023	As at 31st March 2022
Opening balance	56.08	61.50
Adjusted during the year	11.46	5.42
Closing balance	44.61	56.08



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

45 Share based payments

Employee Stock Option Scheme Sona BLW Precision Forging Limited- 2020 ('Sona BLW ESOP Plan-2020') was approved by the shareholders of the Sona BLW Precision Forging Limited on 30 September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP Plan entitles employees of the Group to purchase shares in the Group at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	01 October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ('First vesting') 1,087,740 options 24 months after the grant date ('Second vesting') 1,087,740 options 36 months after the grant date ('Third vesting')
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted	3,263,220 The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakhs forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1 October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Total Company share based payment to employees amounting ₹ 30.18 million for the year ended 31 March 2023 (₹ 66.60 million for the year ended 31 March 2022) is recognised in the statements of profit and loss of the Company pertaining to options issued to employees of the Company . The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not publicly traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	01 October 2020	01 October 2020	01 October 2020
Vesting date	01 October 2021	01 October 2022	01 October 2023
Expiry date	01 October 2024	01 October 2025	01 October 2026
Fair value of option at grant date using Black Scholes model	44.38	46.28	47.72
Exercise price	38.34	38.34	38.34
Expected volatility of returns	46.19%	46.63%	46.51%
Term to expiry	2.5 years	3.5 years	4.5 years
Expected dividend yield	1.60%	1.60%	1.60%
Risk free interest rate	4.64%	5.04%	5.23%

During the year ended 31 March 2021, the Board of Directors of the Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous values.

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

Particulars	31-03-2023	31-03-2022
Options outstanding at the beginning of the period	2,182,420	3,263,220
Number of employees to whom options were granted	62	62
Options vested	1,081,764	1,081,764
Options exercised	1,051,872	1,062,872
Options forfeited/ lapsed/ cancelled	-	-
Option expired during the year	Nil	Nil
Options outstanding	Vested:48,784	Vested:18,892
Options outstanding	Unvested: 1,081,764	Unvested: 2,163,528
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	1,051,872	1,062,872
Money realised by exercise of options (in ₹)	40,328,772	40,750,512
Options outstanding at the period end	1,130,548	2,182,420
Options exercisable at the period end	48,784	18,892
Total number of options in force (excluding options not granted)	1,130,548	2,182,420
Weighted average remaining contractual life of outstanding options (in years)	3.50	4.00
Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2023 is ₹ 30.18 million (for the year ended 31 March 2022 was ₹ 66.60 million)	
Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date	
Employee wise details of options granted to (i) Key Managerial Personnel	Mr. Vivek Vikram Singh Mr. Rohit Nanda Mr. Ajay Pratap Singh Mr. Vikram Verma Vadaapalli Mr. Sat Mohan Gupta Share based payment to Key Managerial Personnel for the year ended 31 March 2023 is ₹ 19.19 million (31 March 2022 was ₹ 42.75 million)	
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	None	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.	



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

46 Goodwill and brand impairment testing

Goodwill

As on 5 July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hong Kong"), pursuant to which the group had recognised goodwill amounting to ₹ 1,758.09 million and annual test for impairment of goodwill was carried out as at 31 March 2023 and 31 March 2022, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the consolidated statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 11.50%-14.50% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 2%- 4% as determined by the management.

Customer Relationships

As per note no. 5, the group had recognized an amount of ₹ 4,009.00 million as Customer relationship during the year ended 31 March 2020. Annual test for impairment of customer relationship was carried out as at 31 March 2023 and 31 March 2022, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the standalone statement of profit and loss. Carrying value as on 31st March 2023 is Rs. 3,009.49 million (March 31st 2022 : Rs. 3,276.56 million).

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 11.50%-14.50% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 2%- 4% as determined by the management.

Brand

On 1 August 2018, the Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives, pursuant to which the group had recognised brand amounting to ₹ 687.40 million. This was due to the expectation of permanent use of acquired brand. The Company tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. In March 2023 and March 2022, there was no impairment identified for the brand.

The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 11.50%-14.00% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 4%-5% as determined by the management.

Technology development expenditure

As per note 5, the Group had capitalized technology development expenditure of INR 402.13 million towards the development of hybrid starter motor (BSG technology) as at 1st Feb 2020. The development expenditure incurred towards Hybrid starter motor was put to impairment test as at 31st March 2023 and 31st March 2022. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the hybrid starter motor (BSG technology) carrying amount to exceed its recoverable amount. Carrying value as on 31st March 2023 is Rs. 228.30 million (March 31st 2022 : Rs. 308.73 million).

The recoverable amount was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

As per note 5, the Group had capitalized technology development expenditure of INR 590.77 million towards the development of Electric starter motor (BLDC technology) as at 1st Feb 2020. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Electric starter motor (BLDC technology) carrying amount to exceed its recoverable amount. Carrying value as on 31st March 2023 is Rs. 335.40 million (March 31st 2022 : Rs. 453.54 million).

The recoverable amount was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

47 With effect from 1 April 2022, the Parent Company has designated certain forward contracts in the cash flow hedge relationship as eligible hedging instruments for the hedge of foreign currency exposure of highly probable forecasted sales in accordance with Ind AS 109, Financial Instruments. Pursuant to this, the effective portion of change in fair value of the hedging instruments has been recognised in 'cash flow hedge reserve' under other comprehensive income. Amount recognized in cash flow hedge reserve is reclassified to profit or loss as and when the hedged item affects the profit / loss or the hedges are no longer effective.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023
(Figures in Million ₹, unless stated otherwise)

48 Hedge accounting:

(i) Disclosures of effects of hedge accounting on balance sheet:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Strike price range	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As on March 31, 2023								
Foreign currency risk								
(i) Foreign exchange forward contracts	8,896.49	-	11.55	April 2023 to March 2024	1:1	78.77 to 84.49	(11.55)	11.55

(ii) Disclosures of effects of hedge accounting on statement of profit and loss:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
For the year ended March 31, 2023				
Cash flow hedge				
Foreign currency risk				
(i) Foreign exchange forward contracts	(338.37)	-	(190.54) (164.94)	Loss on foreign exchange Reclassify to revenue

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For forward contracts, hedge effectiveness is measured using hypothetical derivative method. Ineffectiveness is measured by comparing the change in the fair value of the actual derivative i.e. forward contracts designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item i.e. highly probable forecast sales. Hypothetical derivative matches the critical terms i.e. maturity date, currency and amount of highly probable forecast sales.

In hedges of foreign currency forecast sales, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arisen in the hedges have been disclosed in above table.

(iii) Movements in cash flow hedging reserve

Particulars	Amount
As at 1 April 2022	-
Add: Changes in fair value of forward contracts	(338.36)
Less: Amount reclassified to profit or loss	355.48
Less: Deferred tax relating to above (net)	(4.34)
As at 31 March 2023	12.78



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

49 Merger with Comstar Automotive Technologies Private Limited

During the year ended 31 March 2022, the Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated 7th January, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited ("Wholly Owned Subsidiary") with Sona BLW Precision Forgings Limited ("Company") with effect from 5th July, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on 28th January, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to Rs 1,582.24 million and Rs 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to Rs. 737.23 million.

50 Exceptional item

In previous year the exceptional item w.r.t Initial Public Offer related income represents the pro-rata Initial Public Offer expenses recovered from the selling shareholder recorded as an exceptional income in the Statement of Profit and Loss.

In current year Parent Company has signed a Binding Term Sheet with the shareholders of NOVELIC d.o.o. Beograd – Zvezdara (a company registered with Business Registers Agency having office in Belgrade, Serbia) ("NOVELIC") where in it has agreed to acquire at least 54% shares capital and voting rights in , subject to execution of definitive agreements and completion of certain identified conditions precedent. The exceptional item is related to diligence work of investee company.

51 Other Statutory Information

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with companies struck off other than below.

Relationship with struck off companies:

Name of struck off company (31 March 2023)	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
Metalworking Lubricants India Private Limited	Purchase	0.04	0.04	Supplier of Goods
Competent Engineers Private Limited	Purchase	0.76	-	Supplier of Goods

There were no transactions with struck off companies during the last financial year.

- (iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group have 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:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

52 The Company completed its maiden Initial Public Offer of 190,721,649 Equity Shares of the face value of ₹ 10/- each at an issue price of ₹ 291/- per Equity Share, comprising offer for sale of 180,412,371 shares by selling shareholders and fresh issue of 10,309,278 shares. The Equity Shares of the Company were listed on 24 June 2021 on Bombay Stock Exchange and National Stock Exchange of India Limited. Singapore VII Topco III Pte. Ltd., one of earstwhile promoters of the Company sold their 13.60% and 20.50% stake on 18th August 2022 and 13th March, 2023 respectively. As a result of this transaction Singapore VII Topco III Pte. Ltd. no longer holds any stake in the company.

53 The utilisation of the net Initial Public Offering proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation upto 31 March 2022	Unutilised amount as on 31 March 2022
Repayment and Prepayment of identified borrowings	2,411.17	2,411.17	-
General Corporate Purposes	523.13	523.13	-

Of the unutilised net Fresh IPO Proceeds, there is no balance lying in Monitoring Agency Account and Public Offer Account.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

54 Reconciliation of quarterly bank return

Quarter	Particulars	FY 2022 - 23		FY 2021 - 22	
		Amount as per books of account	Amount as reported in the quarterly return/ statement #	Amount as per books of account	Amount as reported in the quarterly return/ statement #
Quarter 1	Trade	4,723.00	4,692.20	2,224.24	2,205.86
Quarter 1	Inventory	3,079.86	3,080.31	1,097.81	1,097.82
Quarter 1	Trade Payables	1869.69*	1,869.69	643.8*	628.29
Quarter 2	Trade	5,173.45	5,131.79	2,646.84	2,535.07
Quarter 2	Inventory	3,099.90	3,100.81	1,115.32	1,172.13
Quarter 2	Trade Payables	2,209.78	2,184.46	801.28*	802.83
Quarter 3	Trade Receivable	5,155.57	5,123.70	2,391.82	2,273.52
Quarter 3	Inventory	2,873.42	2,874.73	1,391.00	1,390.99
Quarter 3	Trade Payables	1,815.75	1,830.54	775.96*	775.88
Quarter 4	Trade	5,864.48	5,864.48	4,374.88 **	4,238.12 **
Quarter 4	Inventory	2,683.67	2,683.67	3,006.75 **	2,983.2 **
Quarter 4	Trade Payables	2,308.48	2,308.48	1,579.80 **	1,616.31 **

Notes:-

i) HDFC,SBI, CITI and Yes Banks are represented as Working capital lenders.

#The difference in the trade receivables between the books of accounts and the amount reported to banks is on account of adjustment of bill discounting for a specific debtor. Rest of the differences are not significant.

* Above information is given as per the norms of working capital lenders

** Q1,2&3 FY22 Quarter figure are pre merger (refer note 49)

55 Previous year's figures has been regrouped and/ or reclassified wherever necessary to confirm to the current year's groupings and classifications. The impact of such reclassification/regrouping is not material to the financial statements.

56 Authorisation of Consolidated financial statements

The Consolidated financial Statements for the year ended 31 March 2023 were approved by the Board of Directors on 03rd May 2023.

The accompanying summary of accounting policies and significant explanatory notes form an integral part of these Consolidated financial statements.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No: 517271



S. Kapur

Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda

Rohit Nanda
Group Chief Financial Officer



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Vivek Vikram Singh
Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698495

Ajay Pratap Singh

Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: Gurugram
Date: May 03, 2023

Place: New Delhi
Date: May 03, 2023

Independent Auditor's Report

To the Members of Sona BLW Precision Forgings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, 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.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill and brands having indefinite useful life (together 'intangibles')</p> <p>As detailed in Note 46 to the consolidated financial statements, the Group carries goodwill amounting to ₹ 1,758.09 million and brands amounting to ₹ 687.40 million in its consolidated balance sheet as at March 31, 2022.</p> <p>Goodwill was recorded on the acquisition of Comstar Automotive Technologies Private Limited, Comstar Automotive Hong Kong Limited, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited, involved in design, manufacturing and selling of starter motors and motor and vehicle accessories, which has been determined as a cash generating unit ('CGU') by the management</p> <p>The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, Goodwill and indefinite lived assets are tested for impairment annually by the management at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. Impairment assessment requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the recoverable amount, using discounted cash flow model ('Model').</p>	<p>Our audit procedures included:</p> <ol style="list-style-type: none"> a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to aforementioned annual impairment assessment; b) Obtained the impairment analysis carried out by the management and reviewed their conclusions; c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; e) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates; f) We evaluated the inputs used by the management with respect to revenue and cost growth trends, among others, for reasonableness thereof; g) Performed sensitivity analysis on these key assumptions to assess potential impact of



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

<p>Key assumptions used in management's assessment of the carrying amount of goodwill and indefinite life intangible assets includes the expected growth rates, estimates of future financial performance, market conditions and discount rates, among others.</p> <p>The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2022.</p> <p>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such intangibles as a key audit matter for the current year audit.</p>	<p>downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>b) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p>Impairment testing of definite life intangible assets</p> <p>As detailed in Note 5 and Note 46 to the consolidated financial statements the Company has intangible assets amounting ₹ 960.89 million as at 31 March 2022 of which ₹ 308.74 million are in the nature of technology development expenditure relating to development of electric starter motor and hybrid starter motor technology.</p> <p>In terms with Indian Accounting Standard 36, Impairment of Assets, the management has carried out an impairment analysis of aforementioned intangible assets, which requires significant estimations and judgement with respect to inputs used and assumptions made to prepare the forecasted financial information, used to determine the fair value of such intangibles, using discounted cash flow model ('Model').</p> <p>Key assumptions used in management's assessment of the recoverable amounts include projection of future cash flows, revenue growth rates, estimated future operating capital expenditure, external market conditions and discount rates, among others.</p> <p>Considering the materiality of the amounts involved and significant degree of judgment</p>	<p>Our procedures included, but were not limited to the following:</p> <p>a) Obtained an understanding from the management with respect to its impairment assessment process, assumptions used and estimates made by the management and tested the operating effectiveness of controls related to impairment of technology development expenditure;</p> <p>b) Obtained impairment analysis carried out by the management and reviewed their conclusions;</p> <p>c) Tested the inputs used in the discounted cash flow model ('Model') by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</p> <p>d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;</p> <p>e) Assessed the reasonableness of the key assumptions used and appropriateness of valuation methodology applied. Tested cash flow forecasts and impact of macro-economic factors</p>



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

<p>required in assessment of the impairment of technology development expenditure and subjectivity involved in the estimates and assumptions, this matter has been identified as a key audit matter for the current year's audit.</p>	<p>on the forecasts, future sales projections, discount rates, growth rate;</p> <p>f) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model used by the management and reasonableness of assumptions made by the management, which included comparing the underlying parameters of the discount and long term growth rates;</p> <p>g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
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Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance, Directors' Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Management Discussion and Analysis, Report on Corporate Governance, Directors' Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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 Standards on Auditing 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.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries covered under the Act, have adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the 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.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Matter

15. We did not audit the financial statements of seven subsidiaries, whose financial statements reflects total assets of ₹ 2,986.45 million and net assets of ₹ 1,325.06 million as at 31 March 2022, total revenues of ₹ 3,496.86 million and net cash inflows amounting to ₹ 116.03 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Further, of these subsidiaries, six subsidiaries, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

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 matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audits and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of a subsidiary, we report that the Holding Company and one subsidiary company incorporated in India whose financial statements have been audited under the Act have paid and provided remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that one subsidiary company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary company.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act we report that following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sona Comstar Edrive Private Limited	U34100HR2020PTC090921	Subsidiary	Clause xvii

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
- We have sought obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - 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;
 - The consolidated financial statements 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;
 - in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;



Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

- e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary company and taken on record by the Board of Directors of the Holding Company, its subsidiary company respectively, and the report of the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies are 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 with reference to financial statements of the Holding Company and its subsidiary companies, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and other financial information of a subsidiary incorporated in India whose financial statements have been audited under the Act:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 40 to the consolidated financial statements;
 - ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act, during the year ended 31 March 2022;
 - iv.a. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, to or in any person(s) or entity(ies), including foreign entities ('the 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 Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, 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; and
 - c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the



Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2022 is in compliance with section 123 of the Act. As stated in note 35 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker ChandioK & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Membership No.: 517273

UDIN: 22517273AIKVOL9312



Place: New Delhi

Date: 05 May 2022

Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited, on the consolidated financial statements for the year ended 31 March 2022 (Cont'd)

Annexure 1

List of entities included in the Statement

Sno. Name of the holding Company

1 Sona BLW Precisions Forgings Limited

Name of subsidiaries

- 1 Comstar Automotive Technologies Services Private Limited
- 2 Comstar Automotive USA LLC
- 3 Comstar Automotive Hongkong Limited
- 4 Comestel Automotive Technologies Mexicana Ltd
- 5 Comstar Automotive (Hangzhou) Co., Ltd
- 6 Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
- 7 Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
- 8 Comstar Hong Kong Mexico No. 1, LLC
- 9 Sona Comstar eDrive Private Limited



Annexure I

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

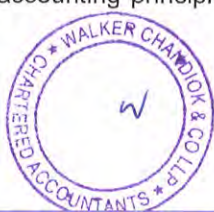
2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("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 the Company's business, including adherence to the 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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are



Annexure I to the Independent Auditor's Report of even date to the members of Sona BLW Precision Forgings Limited on the consolidated financial statements for the year ended 31 March 2022

being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the report of the other auditor on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

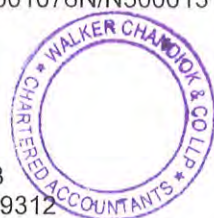
Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company covered under the Act, whose financial statements reflect total assets of ₹ 56.94 million and net assets of ₹ 54.32 million as at 31 March 2022, total revenues of ₹ 38.15 million and net cash outflows amounting to ₹ 0.03 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company has been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273
UDIN: 22517273AIKVOL9312



Place: New Delhi
Date: 05 May 2022

SONA BLW PRECISION FORGINGS LIMITED
 Consolidated Balance Sheet as at 31 March 2022
 (Figures in Million ₹, unless stated otherwise)

Notes	As at 31 March 2022	As at 31 March 2021	
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,679.17	3,449.02
Capital work-in-progress	4	1,408.63	821.36
Right-of-use assets	4	1,514.09	1,592.65
Goodwill on consolidation	5	1,758.09	1,758.09
Other intangible assets	5	4,889.91	5,366.21
Intangible assets under development	5	65.20	10.76
Financial assets			
(i) Other financial assets	7	64.74	57.77
Income tax assets (net)	8	270.23	417.33
Other non-current assets	9	555.32	296.23
Total non-current assets		16,205.39	13,769.42
Current assets			
Inventories	10	3,633.75	3,055.57
Financial assets			
(i) Investments	6	65.30	-
(ii) Trade receivables	11	4,451.89	4,169.87
(iii) Cash and cash equivalents	12	536.06	249.48
(iv) Bank balances other than (iii) above	13	234.46	26.27
(v) Other financial assets	7	64.59	166.72
Other current assets	9	764.16	541.56
Total current assets		9,752.21	8,209.48
Total assets		25,957.60	21,978.89
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(A)	5,843.53	5,729.81
Other equity	15	14,159.44	8,029.53
Total equity		20,002.97	13,759.34
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16 (i)	437.50	1,907.01
(ii) Lease liabilities	43	696.02	720.15
(iii) Other financial liabilities	17	1.74	1.24
Provisions	18	100.44	86.78
Deferred tax liabilities (net)	19	883.86	940.76
Total non-current liabilities		2,119.56	3,655.95



SONA BLW PRECISION FORGINGS LIMITED
Consolidated Balance Sheet as at 31 March 2022
(Figures in Million ₹, unless stated otherwise)

Notes	As at 31 March 2022	As at 31 March 2021
Current liabilities		
Financial liabilities		
(i) Borrowings	16 (ii) 266.20	1,739.52
(ii) Lease liabilities	43 111.76	105.27
(iii) Trade payables	20 387.18	495.83
-Total outstanding dues of micro enterprises and small enterprises	1,802.56	1,745.26
-Total outstanding dues of creditors other than micro enterprises and small enterprises	17 877.98	234.26
(iv) Other financial liabilities	21 222.17	170.77
Other current liabilities	18 105.61	72.69
Provisions	22 61.60	-
Current tax liabilities (net)	3,835.07	4,563.60
Total current liabilities	5,954.63	8,219.55
Total liabilities	25,957.60	21,978.89
Total equity and liabilities	25,957.60	21,978.89

The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.

1 to 56

This is the Consolidated balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Sunjay Kapur
Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Vivek Vikram Singh
Vivek Vikram Singh
Managing Director and
Group Chief Executive
Officer
DIN: 07698495

Rohit Nanda
Rohit Nanda
Group Chief Financial
Officer

Ajay Pratap Singh
Ajay Pratap Singh
Company Secretary

M.No. - FCS-5253

Place: New Delhi
Date: May 5, 2022

Place: Gurugram
Date: May 5, 2022

SONA BLW PRECISION FORGINGS LIMITED

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

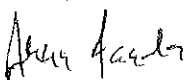
	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	23	21,306.40	15,663.00
Other income	24	200.26	23.41
Total income		21,506.66	15,686.41
Expenses			
Cost of materials consumed		9,892.03	7,094.78
Changes in inventories of finished goods and work-in-progress	25	(436.45)	(641.68)
Employee benefits expense	26	1,688.77	1,474.49
Finance costs	27	182.57	325.15
Depreciation and amortisation expense	28	1,419.65	969.40
Other expenses	29	4,571.04	3,325.25
Total expenses		17,317.61	12,547.38
Profit before exceptional items and tax		4,189.05	3,139.02
Exceptional item	30	(132.70)	139.06
Profit before tax		4,321.75	2,999.96
Tax expense			
- Current tax	31	893.92	497.38
- Tax related to previous years		(134.62)	-
- Deferred tax (credit)/ charge		(52.98)	350.93
Total tax expense		706.32	848.31
Profit for the year		3,615.43	2,151.65
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligations		(15.57)	4.86
Exchange difference on translation of foreign subsidiaries		40.35	2.92
Income tax relating to above mentioned item		3.92	(1.22)
Changes in fair values of equity instruments carried at fair value through other comprehensive income		-	(19.00)
Other comprehensive income / (loss) for the year		28.70	(12.44)
Total comprehensive income for the year		3,644.13	2,139.21

The summary of significant accounting policies and other explanatory information form an integral part of these Consolidated financial statements.

1 to 56

This is the Consolidated statement of profit and loss referred to in our report of even date.

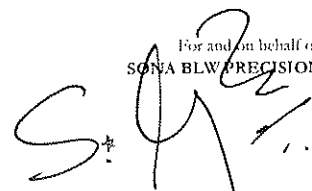
For Walker Chandok & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

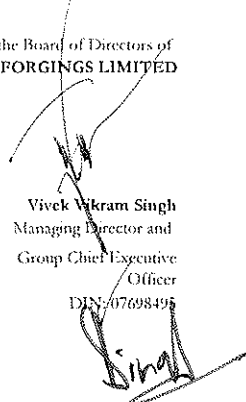


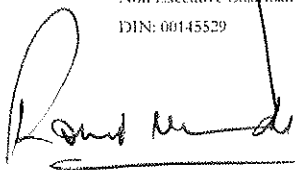
Arun Tandon
Partner
Membership No: 517273




For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED


Sunjay Kapur
Non Executive Chairman
DIN: 00145529


Vivek Vikram Singh
Managing Director and
Group Chief Executive
Officer
DIN: 07698495


Rohit Nanda
Group Chief Financial
Officer


Ajay Pratap Singh
Company Secretary

M.No. - FCS-5253

Place: New Delhi
Date: May 5, 2022

Place: Gurugram
Date: May 5, 2022

SONA BLW PRECISION FORGINGS LIMITED
 Consolidated Cash Flow Statement for the year ended 31 March 2022
 (Figures in Million ₹, unless stated otherwise)

	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flows from operating activities		
Profit before income tax	4,321.75	2,999.96
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,419.65	969.40
Loss on sale of property plant and equipment (net)	8.75	2.92
Loss/(gain) on allowance for doubtful receivables and advances	-	(3.63)
Share based payments	66.60	45.37
(Recovery)/allowance for doubtful receivables	4.45	-
Unwinding of discount on fair valuation of security deposits	(1.34)	(0.70)
Amortisation of transaction cost based on effective interest rate	10.12	(2.32)
Unwinding of discount on deferred payment liabilities	0.91	1.07
Provision for slow moving inventory	10.61	31.86
Fair value loss/(gain) on derivatives	117.33	(374.24)
Profit on sale of investments	-	0.15
Finance costs	172.32	325.15
Interest income	(179.21)	(38.80)
Unrealised foreign exchange (gain)/ loss	(72.05)	59.72
Operating profit before working capital changes	5,879.91	4,025.91
Changes in working capital		
Movement in inventories	(598.38)	(1,129.20)
Movement in trade receivables	(213.28)	(1,922.55)
Movement in other financial asset	82.25	15.67
Movement in other asset	(194.57)	(181.38)
Movement in trade payable	(21.35)	1,084.84
Movement in other financial liabilities	(1.20)	(58.13)
Movement in provision	12.55	60.29
Movement in other liabilities	43.53	59.88
Cash generated from operations	4,989.48	1,955.33
Direct taxes paid	(543.67)	(528.17)
Net cash flow generated from operating activities - Total (A)	4,445.81	1,427.16
B. Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(3,472.13)	(2,189.37)
Proceeds from sale of property, plant and equipment	33.93	9.07
Movement in bank balances other than cash and cash equivalents	(210.19)	597.79
(Purchase) of investments	(65.27)	-
Interest received	179.21	21.97
Net cash (used in)/generated from investment activities - Total (B)	(3,534.45)	(1,560.54)
C. Cash flows from financing activities		
(Repayment) / Proceeds from short term borrowings, net	(898.02)	298.52
Proceeds from long term borrowings	450.00	717.57
Repayment of long term borrowings	(2,505.67)	(407.97)
Repayment of deferred payment liabilities	(21.04)	(12.47)
Repayment of lease liabilities	(101.37)	(91.34)
Dividend paid	(449.95)	(904.02)
Proceeds from issue of equity shares	3,040.75	-
Expense related to capital raising	(59.26)	-
Fees paid for increase in authorised share capital	-	(20.97)
Interest paid	(92.03)	(246.31)
Net cash used in financing activities - Total (C)	(636.60)	(666.99)



SONA BLW PRECISION FORGINGS LIMITED

Consolidated Cash Flow Statement for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

D Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	274.76	(800.37)
E. Cash and cash equivalents at the beginning of the year	249.48	1,049.85
F. Effect of exchange differences on cash and cash equivalents	11.81	
G. Cash and cash equivalents at the end of the year (D)+(E)	536.05	249.48

Reconciliation of cash and cash equivalents as per the cash flow statement
(refer note 12)

Cash and cash equivalents as per above comprise of the following

Balances in current accounts	480.60	247.98
Cash on hand	0.14	0.10
Cheque on hand	53.17	-
Bank deposits with original maturity of less than three months	2.15	1.40
Balances per statement of cash flows	536.06	249.48

This is the consolidated statement of cash flow referred to in our report of even date.

For Walker Chandniok & Co LLP

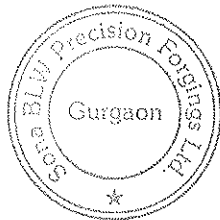
Chartered Accountants

Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner

Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Sunjay Kapur

Sunjay Kapur
Non Executive Chairman

DIN: 00145529

Rohit Nanda

Rohit Nanda
Group Chief Financial Officer

Vivek Vikram Singh

Vivek Vikram Singh
Managing Director and

Group Chief Executive Officer
DIN: 07698495

Ajay Pratan Singh

Ajay Pratan Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi
Date: May 5, 2022

Place: Gurugram
Date: May 5, 2022

SONA BLW PRECISION FORGINGS LIMITED
 Consolidated Statement of Changes in Equity for the year ended 31 March 2022
 (Figures in Million ₹, unless stated otherwise)

A. Equity share capital

	Amount
Balance as at 1 April 2020	471.54
Conversion of compulsory convertible preference shares into equity shares	5.94
Bonus shares issued during the year	5,252.32
Balance as at 31 March 2021	5,729.80
Equity share issued during the year	113.73
Balance as at 31 March 2022	5,843.53

B. Instruments entirely equity in nature

	Amount
Balance as at 1 April 2020	5.94
Conversion of compulsory convertible preference shares into equity shares	(5.94)
Balance as at 31 March 2021	-
Movement during the year	-
Balance as at 31 March 2022	-

C. Other equity

	Reserve and Surplus					Equity instruments through other comprehensive income	FCFR	Merger Reserve (Refer note 49)	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings				
Balance as at 1 April 2020	120.00	7,881.34	25.93	-	3,569.95	(309.28)	14.00	-	11,301.94
Add/ (less): Effect of business combination (Refer note 4)	-	-	-	-	(16.89)	-	-	737.23	720.34
Balance as at 1 April 2020 (post business combination)	120.00	7,881.34	25.93	-	3,553.06	(309.28)	14.00	737.23	12,022.28
Net profit for the year	-	-	-	-	2,151.65	-	-	-	2,151.65
Securities premium utilised on bonus share issue	-	(5,252.32)	-	-	-	-	-	-	(5,252.32)
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	3.64	-	-	-	3.64
Dividend paid	-	-	-	-	(904.03)	-	-	-	(904.03)
Expense related to capital raising	-	-	-	-	-	-	-	-	-
Stamp duty paid for increase in authorized share capital	-	(20.97)	-	-	-	-	-	-	(20.97)
Employee stock option charge for the year	-	-	-	45.37	-	-	-	-	45.37
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	-	-	(19.00)	-	-	(19.00)
Currency translation during the year	-	-	-	-	-	-	2.92	-	2.92
Balance as at 31 March 2021	120.00	2,608.05	25.93	45.37	4,804.32	(328.28)	16.92	737.23	8,029.54
Balance as at 1 April 2021	120.00	2,608.05	25.93	45.37	4,804.32	(328.28)	16.92	737.23	8,029.53
Net profit for the year	-	-	-	-	3,615.43	-	-	-	3,615.43
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(11.65)	-	-	-	(11.65)
Dividend paid	-	-	-	-	(449.95)	-	1.35	-	(448.60)
Expense related to capital raising	-	(59.20)	-	-	-	-	-	-	(59.20)
Premium received on issue of shares (refer note 45 and 52)	-	2,927.03	-	-	-	-	-	-	2,927.03
Employee stock option reserve created during the year	-	-	-	66.61	-	-	-	-	66.61
Impact on exercise of ESOPs grants (Refer Note 45)	-	47.17	-	(47.17)	-	-	-	-	-
Impact of option lapsed during the year (Refer Note 45)	-	-	-	(0.28)	0.28	-	-	-	-
Currency translation during the year	-	-	-	-	-	-	40.35	-	40.35
Balance as at 31 March 2022	120.00	5,522.99	25.93	64.53	7,958.43	(328.28)	58.62	737.23	14,159.44

This is the statement of changes in equity in consolidated statement referred to in our report of every date.

For Walker Chandio & Co LLP
 Chartered Accountants
 Firm Registration No. : 081076N/S500013

Arun Tandon

Arun Tandon
 Partner
 Membership No: 517273



Sunjay Kapur

Sunjay Kapur
 Non Executive Chairman
 DIN: 00145529

Rohit Nanda

Rohit Nanda
 Group Chief Financial Officer

For and on behalf of the Board of Directors of
 SONA BLW PRECISION FORGINGS LIMITED

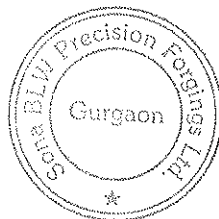
Vivek Vikram Singh
 Managing Director and Group Chief Executive Officer
 DIN: 07698495

Ajay Pranjy Singh

Ajay Pranjy Singh
 Company Secretary
 M.No. : FCS-5258

Place: New Delhi
 Date: May 5, 2022

Place: Gurugram
 Date: May 5, 2022



1. Group overview

Sona BLW Precision Forgings Limited (the “Parent Company” or the “Company”), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as “the Group”) are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications

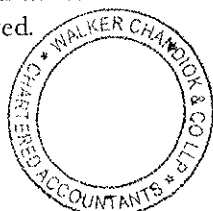
2. Group Companies

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited, its subsidiaries and its associate (hereinafter referred together referred to as ‘Group’) which are listed below:

Name of Subsidiary	Country of incorporation	Proportion of ownership (%) as at 31 March 2022	Proportion of ownership (%) as at March 2021
Comstar Automotive Technologies Services Private Limited	India	100%	100%
Comstar Automotive USA LLC	USA	100%	100%
Comstar Hong Kong Mexico No. 1, LLC	USA	100%	100%
Comstar Automotive Hong Kong Ltd.	Hong Kong	100%	100%
Comstel Automotive Technologies Mexicana Ltd	Hong Kong	100%	100%
Comstar Automotive (Hangzhou) Co., Ltd	China	100%	100%
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Comstel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Mexico	100%	100%
Sona Comstar eDrive Private Limited	India	100%	Nil

3. (A) Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.



a) Basis of preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as "Consolidated Financial Statements"). The Consolidated Financial Statements has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act"). All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

b) Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

c) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

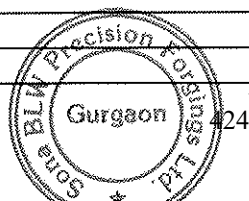
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory Buildings	30
Roads	10



Sona BLW Precision Forgings Limited
 Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

Asset category	Useful life (in years)
Sheds	3
Plant and equipment	7.5 to 25
Furniture and fixtures	10
Tools	3 to 5
Computers and IT equipment	3 to 6
Vehicles	4 to 8
Office equipment	5
Leasehold improvements	Over the effective term of lease

In case of subsidiaries, the following useful lives have been used by the Group:

Asset category	Useful life (in years)
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its 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.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.



Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation methods and periods.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	3 to 6
Brand	Indefinite
Customer Relationship	15
Technology development expenditure	5

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

Intangible assets - Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

e) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue from sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are exclusive of goods and services tax.

Other incomes

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective



Sona BLW Precision Forgings Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

Revenue from contract with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Consideration for revenue contracts

This includes amounts paid, or expected to be paid, by the Company to the customer. The amount, if not for a payment for a distinct goods or service from the customer, is accounted for as a reduction of the transaction price. The Company recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Company recognises revenue for the transfer of the related goods or services to the customer; and (b) the entity pays or promises to pay the consideration (even if the payment is conditional on a future event).

f) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g) Leases

Transition to Ind AS 116 – Leases:

Effective 1 April 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April, 2019 using the modified retrospective method, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. 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. 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 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 recognises 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 right to extend the lease. ROU assets and lease liabilities includes 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.

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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

h) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Financial assets at amortised cost



A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments



The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

i) Impairment of financial assets

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider --

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.



j) Impairment of non-financial assets

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

k) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

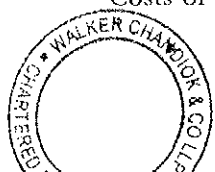
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

l) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is



the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

m) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

n) **Employee benefits**

i) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

ii) **Post-employment benefits**

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

iii) **Other long-term employee benefits**

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

iv) **Termination benefits are recognized as an expense immediately.**



o) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

q) Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.



Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

t) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.



u) Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

v) Non-current assets held for sale and discontinued operations

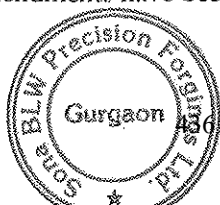
An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

3. (B) Standards issued but not yet effective

All the Ind AS issued and notified by the Ministry of Corporate Affairs ("MCA") under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") vide its notification dated March 23, 2022 has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015. Amendments have been made to the following standards.



Amendment to Ind AS 16, Property, Plant and Equipment

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Amendment to Ind AS 109, Financial Instruments

The MCA vide notification dated March 23, 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendments listed above will be effective on or after April 1, 2022 and are not expected to significantly affect the current or future periods.

3. (C) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities;
- carrying values of inventories;
- expected credit loss on receivables;
- impairment of non-financial assets (goodwill and brands);
- measurement of share based payments;
- Evaluation of indicators for impairment of non-financial assets
- Classification of leases
- Taxation and legal disputes
- Measurement of fair values
- Capitalisation of internally developed intangible assets



4 Property, plant and equipment, Capital work-in-progress and Right of Use Asset

	Freehold land		Buildings (Refer note i)		Plant and equipment (Refer note ii)		Furniture and fixtures		Office equipment		Computers		Vehicles		Leasehold improvement		Total		Right-of-use assets Leasehold land (refer note (iv) & Building		Total
Gross block as at 1 April 2020	28.10	505.35	2,773.74	46.90	79.92	79.92	79.92	102.40	111.34	3,727.65	925.43	568.52	1,493.95								
Additions	-	15.27	1,072.46	5.80	14.29	26.93	26.93	14.69	34.23	1,173.67	-	245.02	245.02								
Foreign currency translation reserve	-	(0.99)	(0.47)	0.27	(0.01)	0.01	0.01	0.45	(0.74)	(0.74)	-	-	-								
Disposals	(2.27)	(231.27)	(231.27)	-	(0.03)	(0.85)	(0.85)	(10.39)	(244.81)	(244.81)	-	-	-								
Gross block as at 31 March 2021	25.83	519.63	3,614.47	52.97	94.17	106.01	106.01	107.14	155.57	4,655.79	925.43	813.54	1,735.97								
Accumulated depreciation as at 1 April 2020	-	54.50	692.19	13.41	34.05	32.00	32.00	30.70	25.72	882.58	17.60	56.94	74.54								
Depreciation charge during the year	-	27.99	450.26	7.36	15.21	25.32	25.32	18.96	10.19	555.25	10.48	61.31	71.78								
Disposals	-	(0.16)	(221.48)	-	(0.02)	(0.77)	(0.77)	(8.75)	(231.02)	(231.02)	-	-	-								
Foreign currency translation reserve	-	(0.16)	6.02	0.01	(0.01)	(0.01)	(0.01)	0.09	(0.06)	(0.06)	-	-	-								
Accumulated depreciation as at 31 March 2021	-	82.33	920.99	20.72	49.23	56.54	56.54	41.01	35.91	1,206.77	28.08	118.25	146.32								
Net carrying amount as at 31 March 2021	25.83	437.29	2,693.48	32.25	44.93	49.47	49.47	66.14	99.66	3,449.02	897.35	695.29	1,592.65								
Gross block as at 1 April 2021	25.83	519.63	3,614.47	52.97	94.17	106.01	106.01	107.14	155.57	4,655.79	925.43	813.54	1,738.97								
Additions	-	64.49	2,842.04	15.87	15.56	38.46	38.46	90.45	10.69	3,077.56	-	1.81	1.81								
Disposals	-	(66.17)	(66.17)	-	(42.73)	(2.36)	(2.36)	(42.73)	(111.26)	(111.26)	-	-	-								
Foreign currency translation reserve	0.12	1.08	8.46	0.26	0.01	0.36	0.36	0.38	10.67	10.67	-	8.47	8.47								
Gross block as at 31 March 2022	25.95	585.20	6,398.80	69.10	109.74	142.47	142.47	155.25	146.25	7,632.76	923.43	823.82	1,749.25								
Accumulated depreciation as at 1 April 2021	-	82.33	920.99	20.72	49.23	56.54	56.54	41.01	35.91	1,206.74	28.08	118.25	146.32								
Depreciation charge during the year	-	29.80	693.43	7.76	14.98	28.80	28.80	23.36	12.18	810.32	10.48	75.79	86.26								
Disposals	-	(41.43)	(41.43)	-	(2.28)	(24.73)	(24.73)	(68.45)	(4.98)	(68.45)	-	-	-								
Foreign currency translation reserve	-	0.21	4.43	(0.33)	0.01	0.32	0.32	0.33	39.97	39.97	38.55	196.60	235.16								
Accumulated depreciation as at 31 March 2022	-	112.35	1,577.42	28.15	64.23	83.39	83.39	48.09	48.09	1,983.59	38.55	196.60	235.15								
Net carrying amount as at 31 March 2022	25.95	472.85	4,821.38	40.96	45.51	59.08	59.08	115.28	98.16	5,679.17	886.88	627.22	1,514.09								

Capital work-in-progress

Particulars	As at	
	31 March 2022	31 March 2021
Capital work-in-progress	1,408.63	821.36
Total	1,408.63	821.36

CWIP aging schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	1,065.65	54.26	180.62	108.10	1,408.63

* There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended projects has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

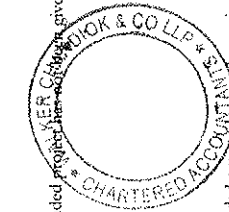
CWIP aging schedule as at March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	526.53	182.33	112.50	-	821.36

* There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended projects has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Notes:

- (i) In Company, Building (gross block) amounting ₹ 208.71 million (31 March 2021: ₹ 192.11 million), net block ₹ 150.33 million (31 March 2021: ₹ 135.89 million) is constructed on leasehold land.
- (ii) Refer note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- (iv) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.13 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Millions ₹, unless stated otherwise)

5 Intangible assets and Intangible assets under development

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure	Brand	Customer relationships	Total	Intangible assets under development	Goodwill on consolidation (Including assembled workforce)
Gross block as at 1 April 2020								
Additions	143.10	27.18	-	687.40	4,009.00	4,866.68	315.00	1,758.09
Transfers	88.57	-	992.90	-	-	1,081.47	688.66	-
Gross block as at 31 March 2021	231.67	27.18	992.90	687.40	4,009.00	5,948.15	10.76	1,758.09
Accumulated amortisation as at 1 April 2020								
Amortisation charge for the year	26.74	12.46	-	-	198.30	237.50	-	-
Accumulated amortisation as at 31 March 2021	40.84	4.52	32.01	-	267.07	344.44	-	-
Net carrying amount as at 31 March 2021	164.10	10.20	960.89	687.40	3,543.63	5,366.21	10.76	1,758.09
Gross block as at 1 April 2021								
Additions	231.67	27.18	992.90	687.40	4,009.00	5,948.15	10.76	1,758.09
Transfer to intangible assets	42.78	5.97	-	-	-	46.75	77.56	-
Gross block as at 31 March 2022	274.46	31.15	992.90	687.40	4,009.00	5,994.91	65.20	1,758.09
Accumulated amortisation as at 1 April 2021								
Amortisation charge for the year	67.58	16.98	32.01	-	465.37	581.94	-	-
Accumulated amortisation as at 31 March 2022	120.18	21.87	230.59	-	732.44	1,105.00	-	-
Net carrying amount as at 31 March 2022	154.36	9.28	762.31	687.40	3,276.56	4,889.91	65.20	1,758.09

Intangible assets under development aging schedule for the year ended March 31, 2022

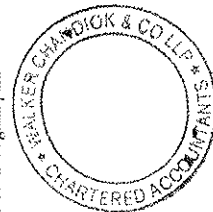
Particulars	Amount in intangible assets under development for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in progress*	65.20	-	-	65.20

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan

Intangible assets under development aging schedule for the year ended March 31, 2021

Particulars	Amount in intangible assets under development for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in progress*	10.76	-	-	10.76

*There were no projects that were suspended at the end of reporting period accordingly disclosure on expected date of completion of suspended project has not been given. Further there are no projects whose completion is overdue or has exceeded its cost compared to its original plan



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

6 Investments	As at 31 March 2022	As at 31 March 2021
At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies		
9,553 (31 March 2021: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	
Less: Provision for impairment	(211.66)	
At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies		
392,647 (31 March 2021: 9,955) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	
Less: Provision for impairment	(116.62)	
Aggregate amount of unquoted non-current investments		
Aggregate amount of impairment of unquoted investments	528.28	528.28
	As at 31 March 2022	As at 31 March 2021
Investment (current)		
At fair value through profit and loss - Quoted Investment		
20823.64 units (31 March 2021: Nil) of HDFC Overnight Fund - Regular	65.30	
	65.30	
Aggregate amount of quoted investments at cost	65.30	
Aggregate amount of quoted investments at market value	65.30	
	As at 31 March 2022	As at 31 March 2021
7 Other financial assets		
Unsecured, considered good		
Non current		
Security deposits	64.74	57.77
Total other financial assets- non current	64.74	57.77
Current		
Forward contract receivables (refer note 34)	29.49	147.87
Security deposits	30.00	0.55
Other financial assets	0.39	17.03
Royalty income receivable	1.71	1.17
Total other financial assets- current	61.59	166.72
i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 53 and 34		
	As at 31 March 2022	As at 31 March 2021
8 Income tax assets (net)		
Non current		
Prepaid taxes *	270.23	417.33
	270.23	417.33
* Amount paid under protest of ₹ 24.48 million (31 March 2021: ₹ 24.48 million)		
	As at 31 March 2022	As at 31 March 2021
9 Other assets		
Non current		
Prepaid expenses	1.11	2.07
Un-adjusted consideration for revenue contract	41.83	42.26
Capital advances	512.48	251.00
Total other assets- non current	555.32	295.23
Current		
Prepaid expenses	91.49	59.79
Loans and advances to employees	2.94	3.29
Advance to suppliers for goods and services	119.10	108.82
Balance with government authorities	415.49	297.80
Un-adjusted consideration for revenue contract	14.24	19.23
Other assets	141.28	74.22
Less: Allowance for doubtful advances	(20.38)	(21.59)
Total other assets- current	764.16	541.56
	As at 31 March 2022	As at 31 March 2021
10 Inventories		
Raw materials and components *	1,107.86	984.56
Work-in-progress**	326.07	268.18
Finished goods***	1,810.54	1,431.98
Stores and spares	126.60	174.24
Loose tools	48.68	30.06
Dies, jigs and fixtures	197.09	146.78
Scrap	16.92	10.77
Total	3,633.75	3,055.57

Total inventory if net of provision for obsolete and slow moving inventory* amounting to ₹ 54.50 million (31 March 2021: ₹ 47.52 million)

* Includes raw materials and components in transit amounting ₹ 50.16 million (31 March 2021: ₹ 72.28 million)

** Includes raw materials and components with the vendors sent for job work ₹ 11.80 million (31 March 2021: ₹ 12.19 million)

*** Includes inventory with the vendors sent for job work ₹ 108.98 million (31 March 2021: ₹ 98.49 million)

**** Includes goods in transit ₹ 476.94 million (31 March 2021: ₹ 361.07 million)



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

11 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Unsecured		
Trade receivables considered good	4,451.89	4,169.87
Trade receivables - credit impaired	7.42	2.97
Less: Allowances for expected credit loss	(7.42)	(2.97)
Total trade receivables	4,451.89	4,169.87

Notes:

(i) Refer note 37 for receivable balance from related parties.

(ii) Refer note 33 - Financial instruments for assessment of expected credit losses.

(iii) There are no disputed dues from customers.

Trade receivables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	34.79	3,884.76	490.83	39.47	2.63	-	-	4,451.89
(ii) Trade receivables - credit impaired	-	0.16	1.07	1.09	2.32	1.09	1.60	7.42

Trade receivables ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Dues	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Trade receivables - considered good	11.59	3,217.48	928.02	9.87	2.63	0.27	0.00	4,169.87
(ii) Trade receivables - credit impaired	-	-	0.04	0.16	0.38	-	2.39	2.97

12 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balance with banks		
- in current accounts	480.60	247.97
Cash on hand	0.14	0.11
Cheque on hand	53.17	-
Bank deposits with original maturity of less than three months	2.15	1.40
Total cash and cash equivalents	536.06	249.48

13 Other bank balances

	As at 31 March 2022	As at 31 March 2021
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	236.46	26.27
Total other bank balances	236.46	26.27

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SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

14 (A) Equity share capital

	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
1,148,500,000 (31 March 2021: 998,500,000) equity shares of ₹ 10 each)	11,485.00	9,985.00
Issued, subscribed and paid up share capital		
58,43,52,710 (31 March 2021: 572,980,560) equity shares of ₹ 10 each fully paid up	5,843.53	5,729.81

i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31 March 2022	As at 31 March 2021
Equity shares outstanding at the beginning of the year	57,29,80,560	4,71,53,944
Add : Conversion of compulsory convertible preference shares into equity shares (refer note 14(B) iv below)	-	5,94,436
Add : Issue of shares	1,13,72,150	-
Add : Bonus shares issued during the year (refer note iv below)	-	52,52,32,180
Equity shares outstanding at the end of the year	58,43,52,710	57,29,80,560

Amount

	As at 31 March 2022	As at 31 March 2021
Equity shares outstanding at the beginning of the year	5,729.81	471.54
Add : Conversion of compulsory convertible preference shares into equity shares (refer note 14(B) iv below)	-	5.94
Add : Issue of shares	113.72	-
Add : Bonus shares issued during the year (refer note iv below)	-	5,252.32
Equity shares outstanding at the end of the year	5,843.53	5,729.81

ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iii) Shares of the Company held by Holding Company

	As at 31 March 2022	As at 31 March 2021
Singapore VII Topco III Pte. Ltd	-	37,97,71,512

iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

Number of shares	As at 31 March 2022	As at 31 March 2021
Singapore VII Topco III Pte. Ltd	19,93,59,141	37,97,71,512
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	19,32,08,904	19,32,08,904

Percentage

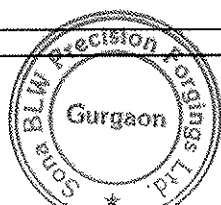
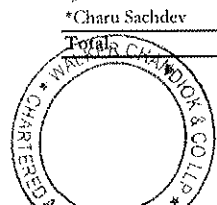
	As at 31 March 2022	As at 31 March 2021
Singapore VII Topco III Pte. Ltd	34.12%	66.28%
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.06%	33.72%

v) The Board of Directors of the Company have approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31 March 2022 and five years immediately preceding the year ended 31 March 2021.

vi) Promoters shareholding

Shareholding of promoters as on March 31, 2022

Promoter name	Number of shares	% of total shares	% change during the period (refer note 52)
Singapore VII Topco III Pte. Ltd.	19,93,59,141	34.12	(32.16)
Sona Autocomp Holding Private Limited	19,32,08,904	33.06	(0.66)
*Rani Kapur- RK Family Trust	72	**	-
*Ashok Sachdev	151	**	-
*Jasbir Sachdev	361	**	-
*Charu Sachdev	423	**	-
Total	39,25,69,052	67	



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Shareholding of promoters as on March 31, 2021

Promoter name	Number of shares	% of total shares	% change during the year
Singapore VII Topco III Pte. Ltd.	37,97,71,512	66.28	0.43 #
Sona Autocomp Holding Private Limited	19,32,08,904	33.72	(0.43) #
*Rani Kapur- RIK Family Trust	72	**	-
Total	57,29,80,488	100	-

* Promoter Group

** Percentage is negligible

Change in percentage is due to issuance of compulsarily convertible preference shares

14 (B) Instruments entirely equity in nature

	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
1,500,000 (31 March 2021: 1,500,000) preference shares of ₹ 10 each	15.00	15.00
Issued, subscribed and paid up share capital		
Nil (31 March 2021: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	-

i) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Number of shares	As at 31 March 2022	As at 31 March 2021
Compulsorily convertible preference shares outstanding at the beginning of the year	-	5,94,436
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (iv))	-	(5,94,436)
Compulsorily convertible preference shares outstanding at the end of the year	-	-

Amount	As at 31 March 2022	As at 31 March 2021
Compulsorily convertible preference shares outstanding at the beginning of the year	-	5.94
Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (iv))	-	(5.94)
Compulsorily convertible preference shares outstanding at the end of the year	-	-

ii) Rights, preferences and restrictions attached to preference shares

Each compulsorily convertible preference shares (CCPS) has a par value of ₹10 and would be converted into equity shares of the holding company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the holding company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms). The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the holding company.

iii) In the board meeting on 27 January 2021 the board Board of Directors of the Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16 October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

iv) The Board of Directors of the Company has approved the following issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31 March 2022 and five years immediately preceding the year ended 31 March 2021.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

15 Other equity

	As at 31 March 2022	As at 31 March 2021
Retained earnings	7,958.43	4,804.32
General reserve	120.00	120.00
Securities premium	5,522.99	2,608.05
Capital redemption reserve	25.93	25.93
Equity instruments through other comprehensive income	(328.28)	(328.28)
Employee's stock options reserve	64.53	45.37
Foreign currency translation reserve	58.6150	16.92
Merger Reserve	737.23	737.23
Total reserves and surplus	14,159.44	8,029.53

a) Retained earnings

	As at 31 March 2022	As at 31 March 2021
Opening balance	4,804.32	3,553.06
Net profit for the year	3,615.43	2,151.65
Remeasurement of defined benefit obligations, net of tax	(11.65)	3.64
Less: Dividend paid	(449.95)	(904.03)
Add: Transferred from ESOP reserve for option lapsed during the period (Refer note 45)	0.28	-
Closing balance	7,958.43	4,804.32

Retained earnings are created from the profit of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

b) General reserve

	As at 31 March 2022	As at 31 March 2021
Opening balance	120.00	120.00
Closing balance	120.00	120.00

The Company transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

c) Securities premium

	As at 31 March 2022	As at 31 March 2021
Opening balance	2,608.05	7,881.34
Premium on fresh issue of equity shares	2,927.03	-
Less: Expense related to capital raising	(59.26)	-
Less: Premium paid on issue of bonus shares	-	(5,252.32)
Add: Impact on ESOP shares issuance	47.17	-
Less: Stamp duty paid for increase in authorised share capital	-	(20.97)
Closing balance	5,522.99	2,608.05

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

d) Capital redemption reserve

	As at 31 March 2022	As at 31 March 2021
Opening balance	25.93	25.93
Transferred from retained earnings	-	-
Closing balance	25.93	25.93

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in earlier years.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

e) Merger Reserve

	As at 31 March 2022	As at 31 March 2021
Opening balance	737.23	737.23
Movement during the year	-	-
Closing balance	737.23	737.23

Merger Reserve has been created pursuant to merger of Sona BLW Precision Forgings Limited and Comstar Automotive Technology Private Limited. (refer note 49)

f) Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

	As at 31 March 2022	As at 31 March 2021
Opening balance	(328.28)	(309.28)
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	(19.00)
Closing balance	(328.28)	(328.28)

g) Employee's stock options outstanding reserve

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

	As at 31 March 2022	As at 31 March 2021
Opening balance	45.37	-
Add: Created during the year	66.61	45.37
Less: Utilised during the year	(47.17)	-
Less: Transferred to retained earning for option lapsed during the period (refer Note 45)	(0.28)	-
Closing balance	64.53	45.37

h) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

	As at 31 March 2022	As at 31 March 2021
Opening balance	16.92	14.00
Currency translation during the year	41.70	2.92
Closing balance	58.62	16.92

16 Borrowings

(i) Non - current borrowings

	As at 31 March 2022	As at 31 March 2021
Secured		
Term loans from banks		
Indian rupee loans	450.00	2,473.34
Vehicle loans	-	8.07
Deferred payment liabilities	-	20.13
	450.00	2,501.54
Less: Amount disclosed under current borrowings (refer note (ii) below)	(12.50)	(594.53)
Total non-current borrowings	437.50	1,907.01



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

(ii) Current borrowings

	As at 31 March 2022	As at 31 March 2021
Indian Rupee loans repayable on demand from banks - secured	57.59	1,042.05
Current Maturities of non current borrowings	12.50	574.40
Current Maturities of deferred payment liabilities	-	20.13
Indian Rupee loans repayable on demand (from NBFC) - Unsecured**	196.11	102.94
Total current borrowings	266.20	1,739.52

** The parent company entered into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 31st March 2022 the parent company had factoring facilities in place for trade receivables and amount of ₹ 196.11 million (31 March 2021: ₹102.94 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the parent company's customers. The parent company does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the parent company from the banks but yet to be collected by the financial institution from the parent company's customers.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

iii) Terms of Long term borrowing

Name of Bank/Financial institution	Particulars	As at 31 March 2022	As at 31 March 2021
HDFC (Term loan) - 1	Outstanding Amount (₹ million)	-	197.12
	Interest rate		0.50% above one year MCLR of HDFC Bank
	Security		1. First pari passu charge on entire movable & immovable fixed assets of the company 2. Second pari passu charge on current assets (present and future) of the company
	Repayment schedule		Quarterly installments 4 Installment for ₹ 22.24 million (Total ₹ 88.96) 4 Installment for ₹ 26.69 million (Total ₹ 106.75 million)
HDFC (Term loan) - 2	Outstanding Amount (₹ million)	-	776.72
	Interest rate		0.50% above one year MCLR of HDFC Bank
	Security		1. First pari passu charge on entire movable & immovable fixed assets of company 2. Second pari passu charge on current assets (present and future) of company
	Repayment schedule		Quarterly 11 instalments of ₹ 70.15 each total amounting ₹ 771.60 million
HDFC (Term loan) - 3	Outstanding Amount (₹ million)	-	688.03
	Interest rate		0.85% above one year MCLR of HDFC Bank
	Security		1. First pari passu charge on entire movable & immovable fixed assets of the company 2. Second pari passu charge on current assets (present and future) of the company
	Repayment schedule		Quarterly 18 Installment for ₹ 37.96 million each starting from 01st October 2021 (Total ₹ 683.28 million)
HDFC (Term loan) - 4	Outstanding Amount (₹ million)	-	458.18
	Interest rate		0.20% above six month MCLR of HDFC Bank
	Security		1. Movable Fixed assets: First pari-passu charge on the entire movable fixed assets, present and future of the Company 2. Immovable Fixed assets: First pari-passu charge on the immovable fixed assets situated at Gurgaon. 3. Current Assets: Second pari-passu charge on entire current assets of the Company, both present and future
	Repayment schedule		Quarterly 16 Installment for ₹ 28.48 million each starting from 23rd December 2022 (Total amounting ₹ 455.73 million)
HDFC (Term loan) - 5	Outstanding Amount (₹ million)	331.36	-
	Interest rate	3MT Bill + 1.51% P.A.	
	Security	1. Movable Fixed Assets: First pari passu charge on the entire movable fixed assets, present and future, of the company * 2. Immovable Fixed Assets: First pari passu charge on the immovable fixed assets situated at Gurgaon 3. Second pari passu charge on entire current assets of the Company	
	Repayment schedule	Quarterly Installment 12 Installment of ₹ 29.17 million each starting from October 2023	
Citi Bank (Term loan) 2	Outstanding Amount (₹ million)	109.55	377.31
	Interest rate	3 Months T-Bill Rate + 2.00% PA	3 Months T-Bill Rate + 3.67%
	Security	1. Movable Fixed Assets: First pari passu charge on the entire movable fixed assets, present and future, of the company * 2. Immovable Fixed Assets: First pari passu charge on the immovable fixed assets situated at Gurgaon 3. Second pari passu charge on entire current assets of the Company	
	Repayment schedule	Quarterly Installment 16 Installment of ₹ 6.25 million each starting from December 2022	Quarterly instalments 12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million
Citi Bank (Term loan) 1	Outstanding Amount (₹ million)	-	377.31
	Interest rate		3 Months T-Bill Rate + 3.67%
	Security		1. First pari passu charge on entire fixed assets of company excluding immovable fixed assets situated at Pune. 2. Second pari passu charge on entire current assets of the company
	Repayment schedule		Quarterly Installments 12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million
Yes Bank (Vehicle loan)	Outstanding Amount (₹ million)	-	5.11
	Interest rate		Interest ranging from 8.37% to 11%
	Security		Vehicle
	Repayment schedule		Monthly installment ranging from 24-33 EMI's and amount ranging from ₹ 12,236 -- ₹ 37,752
HDFC (Vehicle loan)	Outstanding Amount (₹ million)	-	5.11
	Interest rate		Interest ranging from 7.75% to 9%
	Security		Vehicle
	Repayment schedule		Monthly installment ranging from 32-56 EMI's and amount ranging from ₹ 10,455 -- ₹ 37,150
Deferred payment liabilities	Outstanding Amount (₹ million)	-	29.13



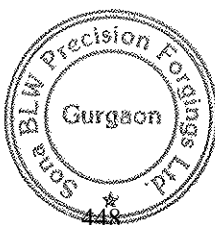
SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Terms of short term borrowing

Name of Bank/Financial institution	Particulars	As at 31 March 2022	As at 31 March 2021
State Bank Of India New Delhi-EPC	Outstanding Amount (₹ million)	-	0.10
	Interest rate		MCLR(1yr) + 55 bps (5.6% - 6.05%)
	Security		First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company
	Repayment schedule		Repayable on demand
State Bank Of India New Delhi-CC	Outstanding Amount (₹ million)	0.02	39.56
	Interest rate	APR + 36 Months + 15 bps	MCLR(1yr) + 55 bps
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immoveable fixed assets of the company situated at Gurgaon plant.	First pari passu on the entire (present & future) current assets of the Company, Second on all fixed assets of the company
	Repayment schedule	Repayable on demand	Repayable on demand
Citi Bank-EPC	Outstanding Amount (₹ million)	-	143.58
	Interest rate		Mutually agreed 6.5%/3.5% (before/after interest subvention)
	Security		First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of gurgaon plant only.
	Repayment schedule		Repayable on demand
Industrial Bank-CC	Outstanding Amount (₹ million)	-	-
	Interest rate		MCLR(1yr) + 55 bps
	Security		First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company
	Repayment schedule		Repayable on demand
HDFC Bank -CC	Outstanding Amount (₹ million)	0.09	13.12
	Interest rate	7.20% PA linked with 1Y MCLR	MCLR(1yr) + 130 bps
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immoveable fixed assets of the company situated at Gurgaon plant.	First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company
	Repayment schedule	Repayable on demand	Repayable on demand
HDFC Bank - WCCL	Outstanding Amount (₹ million)	57.03	-
	Interest rate	4.60% PA linked with T-Bill	-
	Security	1. First pari-passu Charge on entire current assets of the company, both present and future. 2. Second Pari-Passu charge in entire movable fixed assets of the company 3. Second Pari-Passu charge on Immoveable fixed assets of the company situated at Gurgaon plant.	-
	Repayment schedule	Repayable on demand	-
HDFC Bank -EPC I	Outstanding Amount (₹ million)	-	536.01
	Interest rate		As mutually agreed 4.3%/7.3% (before/after interest subvention)
	Security		First pari passu on all current assets of the company Second on fixed assets(present & future) of the company
	Repayment schedule		Repayable on demand
Yes Bank-CC	Outstanding Amount (₹ million)	-	0.00
	Interest rate		3 months MCLR + 60% p.a (7.5%-9.8%)
	Security		First pari passu on the entire (present & future) current assets of the Company, second on all movable fixed assets of the company and immovable property of gurgaon plant only.
	Repayment schedule		Repayable on demand
Short Term PCFC Loan	Outstanding Amount (₹ million)	-	487.08
	Interest rate		Average rate- 4.21%
	Security		Secured by first charge on entire stock and book debt.
	Repayment schedule		Repayable on demand
Overdraft Facility	Outstanding Amount (₹ million)	-	22.61
	Interest rate		Average rate- 8.75%
	Security		Secured by first charge on entire stock and book debt.
	Repayment schedule		Repayable within 180 days
Tata Capital loan-Financial Institution	Outstanding Amount (₹ million)	126.60	62.64
	Interest rate	The interest rate agreed with customer is 0.45% for 30 days credit period (current effective rate is 3.48% p.a.)	
	Security	Trade receivables against corresponding loan	
Tata Capital loan-Financial Institution	Outstanding Amount (₹ million)	69.51	40.30
	Interest rate	The interest rate agreed with customer is 0.42% for 60 days credit period (current effective rate is 2.69% p.a.)	
	Security	Trade receivables against corresponding loan	



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

(iv) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cashflows')

The changes of the Company's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
Balance as at 1 April 2020	2,221.73	846.09	604.06	3,671.88
Cash Flows:				
Repayment of non-current borrowings	(407.97)	-	-	(407.97)
Proceeds from non-current borrowings	717.57	-	-	717.57
Proceeds from current borrowings (net)	-	298.52	-	298.52
Repayment of Deferred payment liabilities	(12.47)	-	-	(12.47)
Repayment of lease liabilities	-	-	(91.34)	(91.34)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	(2.32)	-	-	(2.32)
Unwinding of discount on deferred payment liabilities	1.07	-	-	1.07
Interest expense on lease liabilities	-	-	73.37	73.37
Creation of lease liabilities under Ind AS 116	-	-	239.33	239.33
Interest accrued on long term borrowing movement	(16.07)	-	-	(16.07)
Other movement	0.01	0.38	0.00	0.39
Balance As at 31 March 2021	2,501.54	1,144.99	825.42	8,159.51
Cash Flows:				
Repayment of non-current borrowings	(2,505.67)	-	-	(2,505.67)
Proceeds from non-current borrowings	450.00	-	-	450.00
Proceeds from current borrowings (net)	-	(898.02)	-	(898.02)
Repayment of Deferred payment liabilities	(21.04)	-	-	(21.04)
Repayment of lease liabilities	-	-	(101.37)	(101.37)
Non-cash changes				
Amortisation of transaction cost based on effective interest rate	10.12	-	-	10.12
Unwinding of discount on deferred payment liabilities	0.91	-	-	0.91
Interest expense on lease liabilities	-	-	76.99	76.99
Interest accrued on long term borrowing movement	14.16	-	-	14.16
Creation of lease liabilities under Ind AS 116	-	-	-	-
Other movement	(0.01)	6.73	6.74	13.46
Balance As at 31 March 2022	450.00	253.70	807.78	5,171.43



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

17 Other financial liabilities	As at	As at
	31 March 2022	31 March 2021
Non current		
Security deposits	1.74	1.24
Total other financial liabilities - non current	1.74	1.24
Current		
Interest accrued but not due on borrowings	1.91	16.07
Employee benefits payable	156.28	55.81
Capital creditors	687.76	131.92
Other payables	32.04	30.46
Total other financial liabilities - current	877.98	234.26

18 Provisions	As at	As at
	31 March 2022	31 March 2021
Non current		
Provision for compensated absences (refer below)	80.40	73.58
Provision for defined benefit plans (refer note 39)	0.55	2.70
Provision for warranty (refer below)	19.48	10.50
Total provisions - non current	100.44	86.78
Current		
Provision for compensated absences (refer below)	43.33	27.66
Provision for defined benefit plans (refer note 39)	39.05	26.29
Provision for warranty (refer below)	23.23	15.74
Total provisions - current	105.61	72.69

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

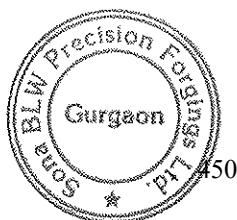
	31 March 2022	31 March 2021
Provision for Compensated Absences		
Opening balance	101.24	59.90
Additions	48.29	75.09
Amounts utilised	(25.80)	(33.75)
Closing balance	123.73	101.24
Provision for Warranty		
Opening balance	29.24	27.00
Additions	17.96	12.02
Amounts utilised	(4.49)	(9.36)
Closing balance	42.71	29.24

19 Deferred tax liabilities (net)	As at	As at
	31 March 2022	31 March 2021
Deferred tax liabilities		
Property, plant and equipment and intangible assets	935.48	979.62
Others	12.77	18.02
Total deferred tax liabilities	948.25	997.64
Deferred tax assets		
Provision for employee benefits	50.52	40.20
Others	13.37	16.67
Total deferred tax assets	64.39	56.87
Net deferred tax liabilities	883.86	940.76

a) Movement in deferred tax assets/liabilities

Movement in deferred tax liabilities	31 March 2022	31 March 2021
Property, plant and equipment and intangible assets		
Opening balance	979.62	381.34
Add: Effect of business combination	-	297.29
Opening balance (post business combination)	979.62	678.63
Charged/(credited):		
- to profit or loss	(44.14)	300.99
Closing balance	935.48	979.62

Provision for employee benefits obligation



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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Opening balance	(40.20)	(13.52)
Add: Effect of business combination	-	(18.77)
Opening balance (post business combination)	(40.20)	(32.29)
Charged/(credited):		
- to profit or loss	(6.15)	(6.71)
- to other comprehensive income	(3.87)	(1.19)
Closing balance	(50.52)	(40.20)
Others Deferred tax liabilities		
Opening balance	(16.67)	(24.21)
Add: Effect of business combination	-	-
Opening balance (post business combination)	(16.67)	(24.21)
Charged/(credited):		
- to profit or loss	2.81	7.54
Closing balance	(13.87)	(16.67)
Others Deferred tax Assets		
Opening balance	18.02	-
Add: Effect of business combination	-	(31.10)
Opening balance (post business combination)	18.02	(31.10)
Charged/(credited):		
- to profit or loss	(5.24)	49.12
Closing balance	12.77	18.02

Deferred tax assets amounting to ₹ 82.62 million as at 31 March 2022 (31 March 2021: ₹ 82.62 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

20 Trade payables

	As at 31 March 2022	As at 31 March 2021
Trade payables		
- micro enterprises and small enterprises	587.18	615.83
- other than micro enterprises and small enterprises	1,602.56	1,745.26
Total Trade payables	2,189.74	2,241.09

Note:

(i) Refer note 37 for balance payable to related parties

Trade payables aging schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4.36	307.05	69.83	5.71	0.23	0.00	387.18
(ii) Others	317.44	1,169.98	302.52	7.95	1.89	2.79	1,802.56
Total	321.80	1,477.03	372.35	13.65	2.12	2.79	2,189.74

Trade payables aging schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.84	447.77	43.94	-	0.17	0.12	495.83
(ii) Others	289.12	1,068.60	377.47	3.51	2.60	3.96	1,745.26
Total	292.97	1,516.37	421.40	3.51	2.77	4.07	2,241.09

21 Other Current liabilities

	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	65.75	79.11
Advance from customers (refer note 44)	86.36	91.66
Contract Liability (refer note 44)	70.00	-
Others	0.06	-
Total current liabilities	222.17	170.77

22 Current tax liabilities

	As at 31 March 2022	As at 31 March 2021
Income tax liabilities (net) (Net of advance tax ₹ 736.14 million)	61.60	-
Total current tax liabilities	61.60	-

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SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

23 Revenue from operations	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of goods	20,337.84	14,917.63
Other operating revenue		
Scrap sales	449.96	237.46
Export incentive	249.86	133.29
Liabilities written back	53.17	0.00
Foreign exchange gain (net)	209.62	357.31
Royalty income	8.65	16.41
Others	2.29	0.85
Total revenue from operations	21,306.40	15,663.00
24 Other income	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from bank	13.07	22.75
Interest income from income tax refund	182.68	-
Profit on sale of investments at fair value (net)	0.03	-
Others	4.47	0.67
Total other income	200.26	23.41
25 Changes in inventories of finished goods and work-in-progress	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventories at the beginning of the year		
Work-in-progress	268.18	163.30
Finished goods	1,431.98	895.18
	1,700.16	1,058.48
Inventories at the end of the year		
Work-in-progress	326.07	268.18
Finished goods	1,810.54	1,431.98
	2,136.61	1,700.16
Changes in inventories	(436.45)	(641.68)
26 Employee benefits expense	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and allowances	1,368.69	1,217.37
Contribution to provident and other funds (refer note 39)	84.12	79.86
Staff welfare expenses	169.36	131.89
Share based payment to employees (refer note 45)	66.60	45.37
Total employee benefits expense	1,688.77	1,474.49
27 Finance costs	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on loans	71.02	213.06
Other borrowing costs	3.04	5.12
Bank and other finance charges	31.52	16.59
Interest on lease liabilities (refer note 43)	76.99	73.37
Interest expenses on others	-	17.61
Total finance costs	182.57	325.15
28 Depreciation and amortisation expense	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment	810.32	555.25
Amortisation of intangible assets	523.06	344.44
Amortisation of right-of-use assets	86.26	71.77
Less: Transfer to Capital work-in-progress	-	(2.07)
Total depreciation and amortisation expense	1,419.65	969.40



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

29 Other expenses	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores, spares and tool	1,012.63	664.06
Power and fuel	484.30	390.89
Freight, clearing and forwarding charges	381.59	287.02
Packing material	317.55	198.17
Sub contracting cost	71.85	592.81
Rent (refer note 43)	31.43	21.15
Repairs and maintenance - plant and machinery	311.97	248.90
Repair and maintenance - buildings	16.01	19.16
Repair and maintenance - others	146.47	121.58
Manpower hiring on contract	388.71	287.72
Legal and professional charges	236.97	152.43
Rates and taxes	12.22	9.09
Insurance	55.51	35.06
Travelling, conveyance and vehicle expenses	120.75	90.53
Communication and stationery expenses	24.56	17.02
Security charges	21.69	16.28
Corporate social responsibility expense	54.74	53.95
Business promotion	11.10	9.14
Directors sitting fees	33.68	27.01
Loss on sale of property plant and equipments (net)	9.14	2.92
Provision for warranty	17.96	12.02
Miscellaneous expenses	132.22	68.04
Total other expenses	4,571.04	3,325.25

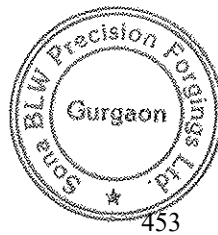
30 Exceptional item	For the year ended 31 March 2022	For the year ended 31 March 2021
Expenditure incurred for listing and offer for sale of shares (refer note 50)	(132.70)	139.06
	(132.70)	139.06

31 Income tax expense	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	893.92	497.38
Tax related to previous years	(134.62)	-
Deferred tax charge/(credit)	(52.98)	350.93
Total Income Tax expense	706.32	848.31

a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before income tax	4,321.75	2,999.96
Income tax as per statement of profit and loss	706.32	848.31
Tax at the Indian tax rate of 25.168% (31 March 2020: 25.168%)	1,087.65	755.00
Effect of non-deductible expenses	9.26	15.63
Transaction cost of an equity transaction	(3.30)	-
Dividend from foreign subsidiary at a lower rate	(25.19)	-
Tax effect of ESOP exercised	(126.81)	-
Income taxable at a lower rate	-	(29.28)
Difference in tax rate of subsidiary companies	(43.94)	75.28
Lower tax paid in respect of dividend income due to change in tax position of FY 2020-21	(82.73)	-
Previous year related principal receipt which was written-off in previous years	(91.00)	-
Others	(17.64)	31.68
Income tax expense (as per statement of profit and loss)	706.32	848.31

* The company has received income tax refunds during the years. The difference between the refunds so received toward principal and tax receivable as per books is recorded as tax for the earlier years. Interest amounting to Rs 155.71 million has been recorded under the head other income



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

32 Research and development expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue expenditure charged to statement of profit and loss	269.98	137.38
Capital expenditure	171.74	777.65
Total research expenses	441.72	915.03

33 Fair value measurements

a) Financial instruments by category

	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Loans	-	-	-	-	-	-
Trade receivables	-	-	4,451.89	-	-	4,169.87
Cash and bank balances	-	-	772.52	-	-	275.75
Other financial assets	-	-	99.84	-	-	76.62
Derivative financial assets	29.49	-	-	147.87	-	-
Current Investments	65.30	-	-	-	-	-
Total financial assets	94.79	-	5,324.25	147.87	-	4,522.24
Financial liabilities						
Borrowings	-	-	705.61	-	-	3,662.60
Trade payables	-	-	2,189.75	-	-	2,241.09
Other financial liabilities	-	-	877.82	-	-	219.43
Lease liabilities	-	-	807.78	-	-	825.42
Total financial liabilities	-	-	4,580.96	-	-	6,948.54

(b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
As at 31 March 2022			
Foreign exchange forward contracts- asset	-	29.49	-
Total financial assets	-	29.49	-
As at 31 March 2021			
Foreign exchange forward contracts- asset	-	147.87	-
Total financial assets	-	147.87	-
Investments measured at fair value through other comprehensive income	-	-	19.00
Total financial assets	-	-	19.00

ii) Fair value of instruments measured at amortised cost

	Level	As at 31 March 2022		As at 31 March 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Trade receivables	Level 3	4,451.89	4,451.89	4,169.87	4,169.87
Cash and bank balances	Level 3	772.52	772.52	275.75	275.75
Other financial assets	Level 3	99.84	99.84	76.62	76.62
Total financial assets		5,324.25	5,324.25	4,522.24	4,522.24
Financial liabilities					
Borrowings	Level 3	705.61	705.61	3,662.60	3,662.60
Lease liabilities	Level 3	2,189.75	2,189.75	825.42	825.42
Trade payable	Level 3	877.82	877.82	2,241.09	2,241.09
Other financial liability	Level 3	807.78	807.78	235.50	235.50
Total financial liabilities		4,580.96	4,580.96	6,964.61	6,964.61

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

34 Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

(A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

(a) Credit Risk Management

(i) Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss based on the following:

Asset group	Categorization of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (unless there is a significant determination of specific provision which is lower value)

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets that expose the entity to credit risk –

Credit rating	Particulars	As at	As at
		31 March 2022	31 March 2021
Low credit risk	Cash and bank balances	772.52	275.75
	Other financial assets	99.84	76.62
	Derivative financial assets	29.49	147.87
Moderate credit risk	Trade receivables *	4,451.89	4,169.87

*These represent carrying values of financial assets, with a deduction for expected credit losses

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

Trade receivables

To mitigate the credit risk related to trade receivables, the Group closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes security deposits, other receivables etc. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(b) Expected credit losses for financial assets (other than trade receivables)

i) Financial assets (other than trade receivables)

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents and other Bank balances - Since the Group deals with only High-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as low.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

For other financial assets - Credit risk is evaluated based on Group knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

(i) Expected credit loss for trade receivables under simplified approach

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2022, and for the years ended 31 March 2021 is insignificant.

Reconciliation of loss allowance

	For the year ended 31 March 2022	For the year ended 31 March 2021
At the beginning of year	2.97	3.94
Movement during the year	4.45	(0.97)
Total expected credit loss allowance	7.42	2.97

(B) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

(i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

Contractual maturities of financial liabilities: (undiscounted)

	Less than 1 year	1 to 5 years	More than 5 years	Total
31 March 2022				
Borrowings	291.07	479.45	-	770.51
Trade payables	2,189.75	-	-	2,189.75
Other financial liabilities	879.73	-	-	879.73
Lease liabilities	111.76	133.78	797.57	1,043.11
Total	3,472.31	952.73	797.57	5,222.60

	Less than 1 year	1 to 5 years	More than 5 years	Total
31 March 2021				
Borrowings	2,355.74	2,129.88	88.58	4,574.20
Trade payables	2,241.09	-	-	2,241.09
Other financial liabilities	219.43	-	-	219.43
Lease liabilities	105.27	447.68	911.61	1,464.56
Total	4,921.53	2,577.56	1,000.19	8,499.28

(ii) Undrawn borrowing facilities

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2022	As at 31 March 2021
Expiring within one year (bank loans)	1,567.85	670.99

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Variable rate borrowings	1,123.61	3,634.40
Fixed rate borrowings	-	28.20
Total borrowings	1,123.61	3,662.60

Sensitivity

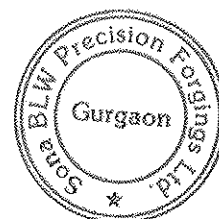
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on profit after tax	As at 31 March 2022	As at 31 March 2021
Interest rate increase by 1.00% (31 March 2021: 1.00%)*	17.80	21.97
Interest rate decrease by 1.00% (31 March 2021: 1.00%)*	(17.80)	(21.97)

* Holding other variables constant

(ii) Foreign currency risk

The Parent company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

The Company's exposure to foreign currency risk at the end of the reporting period captured as follows:

Foreign currency	As at 31 March 2022	As at 31 March 2021
Trade receivables and others		
United States Dollar (USD)	31.54	43.67
Euro (EUR)	0.71	0.54
RMB	12.91	8.49
Others	-	0.08
Trade payables		
United States Dollar (USD)	8.12	8.97
Euro (EUR)	0.52	0.30
Japanese Yen (JPY)	0.62	76.77
Canadian Dollar (CAD)^	-	0.00
Swiss Franc (CHF)	0.01	0.01
Mexican Pesos (MXP)	1.48	-
RMB	11.64	11.50
Others	0.03	2.76
<i>^Rounded off to Nil</i>		
Indian Rupee (₹)	As at 31 March 2022	As at 31 March 2021
Trade receivables and others		
United States Dollar (USD)	2,390.72	3,192.88
Euro (EUR)	59.64	46.49
RMB	154.15	94.51
Others	-	0.65
Trade payables		
United States Dollar (USD)	643.11	653.47
Euro (EUR)	44.12	25.38
Japanese Yen (JPY)	0.38	50.76
Canadian Dollar (CAD)^	-	0.15
Swiss Franc (CHF)	0.82	0.57
Mexican Pesos (MXP)	5.62	-
RMB	138.95	128.11
Others	-	18.54
<i>^Rounded off to Nil</i>		
Outstanding forward contracts as at the reporting date (Million USD)	88.97	89.09
Outstanding forward contracts as at the reporting date (₹)	6,872.34	7,712.86

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax	For the year ended 31 March 2022	For the year ended 31 March 2021
Net currency receivables/(payables)		
USD sensitivity		
₹/USD- increase by 1.00% (31 March 2021: 1.00%)*	13.29	18.99
₹/USD- decrease by 1.00% (31 March 2021: 1.00%)*	(13.29)	(18.99)
EUR sensitivity		
₹/EURO- increase by 1.00% (31 March 2021: 1.00%)*	0.12	0.16
₹/EURO- decrease by 1.00% (31 March 2021: 1.00%)*	(0.12)	(0.16)
JPY sensitivity		
₹/JPY- increase by 1.00% (31 March 2021: 1.00%)*	0.00	0.38
₹/JPY- decrease by 1.00% (31 March 2021: 1.00%)*	(0.00)	0.38
RMB sensitivity		
₹/RMB- increase by 1.00% (31 March 2021: 1.00%)*	0.11	(1.31)
₹/RMB- decrease by 1.00% (31 March 2021: 1.00%)*	(0.11)	1.31
CAD sensitivity		
₹/CAD- increase by 1.00% (31 March 2021: 1.00%)*	(0.01)	(0.00)
₹/CAD- decrease by 1.00% (31 March 2021: 1.00%)*	0.01	0.00
MXP sensitivity		
₹/MXP- increase by 1.00% (31 March 2021: 1.00%)*	(0.04)	-
₹/MXP decrease by 1.00% (31 March 2021: 1.00%)*	0.04	-
CHF sensitivity		
₹/CHF- increase by 1.00% (31 March 2021: 1.00%)*	(0.01)	-
₹/CHF- decrease by 1.00% (31 March 2021: 1.00%)*	-	-
<i>* Holding other variables constant</i>		

35 Capital management


SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using net debt to equity ratio, which is net debt (including cash and cash equivalents) divided by equity.

	As at 31 March 2022	As at 31 March 2021
Long term borrowings including current maturities (refer note 16)	450.00	2,501.54
Short term borrowings (refer note 16)	253.70	1,165.12
Less: Cash and cash equivalents (refer note 12)	(536.06)	(249.48)
Net debts *	167.64	3,417.18
Equity share capital (refer note 14)	5,843.53	5,729.81
Other equity (refer note 15)	14,159.44	8,029.53
Total equity	20,002.97	13,759.35
Net Gearing ratio	0.84%	24.84%

* Excluding lease liabilities

Dividends	For the year ended 31 March 2022	For the year ended 31 March 2021
Equity share		
Interim dividend of ₹ 0.77 per each 58,43,32,710 equity share	449.95	-
Interim dividend of ₹ 9.634 per each 47,748,380 equity share	-	460.00
Interim dividend of ₹ 9.299 per each 47,748,380 equity share	-	444.00
	449.95	904.00

The Board of Directors of the Company in its meeting held on May 05, 2022 has approved and declared an final dividend of ₹ 0.77/- i.e (7.7%) per equity share of the Company having face value of ₹ 10/- each for the financial year 2021-22.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

36 Segment information

The Group's operating business is organized and managed according to a single primary reportable business segment namely "Automotive Components".

Information about geographical areas

The Group's revenue disaggregated by primary geographical markets is as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
India	12,302.29	5,275.49
Outside India	12,302.29	9,642.14
Total	20,332.84	14,917.63

Revenue outside India	For the year ended 31 March 2022	For the year ended 31 March 2021
North America	5,841.26	4,756.10
Europe	3,157.64	3,708.34
Asia (Excluding India)	3,246.06	1,177.70
Others	57.33	-
	12,302.29	9,642.14

Customers exceeding 10% of total revenue	For the year ended 31 March 2022	For the year ended 31 March 2021
No of customers exceeding 10% of total revenue	3	3
Total revenue of such customers (₹ million)	9,329.13	6,777.34

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets, intangible assets under development and goodwill) are located into the following geographical regions:

	As at 31 March 2022	As at 31 March 2021
India	14,082.47	11,685.15
Outside India	1,232.63	1,312.94
Total	15,315.10	12,998.09

Carrying amount of non-current assets by location	As at 31 March 2022	As at 31 March 2021
North America	824.05	868.48
Others	408.58	444.46
	1,232.63	1,312.94

37 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship

(i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (with effect from 5 July 2019 till 21st June 2021)

(ii) The entity having substantial interest in the Company

Sona Autocomp Holding Private Limited

Singapore VII Topco III Pte Ltd. (with effect from 21st June 2021)

(iii) Ultimate holding Company

BCP Topco I Pte Ltd. (till 21st June 2021)

(iv) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vaidipath Vikram Verma	Chief Executive Officer (Driveline Business)
Mr. Sar Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Roha Nanda	Group Chief Financial Officer
Mr. Aray Pratap Singh	Vice President (Legal) & Company Secretary
Mr. Santhana Krishnan Gopalan	Chief Financial Officer of merged entity (Refer Note 49) (till 28th January 2022)
Mr. Hari Prasath K	Company Secretary of merged entity (Refer Note 49) (till January 18, 2021)

Non-executive Directors

Mr. Sunjay Kapur	Non-executive Chairman
Mr. Prasad Abhaykumar Firodia	Independent director
Mr. Subbu Venkata Rama Behara	Independent director
Mrs Pallavi Joshi Bakhru	Independent director (till 2 May 2020)
Mr. Armit Dixit	Director
Mr. Armit Jain	Director (with effect from 5 July 2019 till 01 January 2021)
Mr. Neeraj Mohan	Director (with effect from 5 July 2019 till 12 February 2021)
Mr. Ganesh Mani	Director
Mrs Shradha Suri	Independent director (with effect from 5 August 2020)
Mr. Jeffrey Mark Overdy	Independent Director (with effect from 12 February 2021)



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

Relative to KMP

Mr. Tanay Gupta

Son of Mr. Sat Mohan Gupta

(y) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

Sona Mandhira Private Limited (Previously known as Mandhira Marketing Private Limited)

Harpreet Motors Private Limited

(b) Transactions with related parties :

(i) Entity exercising control

Transactions	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend paid		
Singapore VII Topco III pte Ltd.	-	599.18

(ii) Entity having substantial interest

Transactions	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend paid		
Sona Autocomp Holding Private Limited	153.51	304.84
Singapore VII Topco III pte Ltd.	148.77	-
Relinquishment of right of put option (refer note 48)		
Sona Autocomp Holding Private Limited	-	19.00
Reimbursement of IPO expenses		
Singapore VII Topco III pte Ltd.	359.69	-

(iii) Key Management Personnel *

Transactions	For the year ended 31 March 2022	For the year ended 31 March 2021
Managerial remuneration		
Mr. Vivek Vikram Singh	30.85	31.70
Mr. Vadapalli Vikram Verma	30.63	28.39
Mr. Rohit Nanda	24.09	26.13
Mr. Ajay Pratap Singh	7.13	6.74
Mr. Sat Mohan Gupta	18.17	24.41
Mr. Santhana Gopalan K	7.21	7.91
Mr. Tanay Gupta	-	1.59
Mr. Hariprasath K	-	1.31
Issue of equity shares under ESOP Scheme		
Mr. Vivek Vikram Singh	8.46	-
Mr. Vadapalli Vikram Verma	6.10	-
Mr. Rohit Nanda	4.57	-
Mr. Ajay Pratap Singh	1.52	-
Mr. Sat Mohan Gupta	6.10	-
Mr. Santhana Gopalan K	0.31	-
Director Sitting Fee		
Non-executive director	5.06	3.60
Commission		
Non-executive director	26.71	27.71
Dividend paid		
Mr. Vadapalli Vikram Verma	0.06	-
Mr. Ajay Pratap Singh	0.01	-
Mr. Sat Mohan Gupta	0.04	-
Mr. Santhana Gopalan K	0.01	-
Mrs. Shradha Suri	#	-
Sale of Vehicles		
Mr. Vivek Vikram Singh	0.17	-



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

*** Break-up of Key management personnel remuneration**

	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term employee benefits	115.83	124.18

* Including provident fund, leave encashment and any other benefit.

* Share based payment to Key Managerial Personnel for the period ended 31st March 2022 is ₹ 45.24 million (31 March 2021 is ₹ 29.11 million) (refer note 45)

* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Long Term Incentive (LTI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between September 14, 2021, to September 27, 2021. There is however no financial impact of such payments on the Company.

Number less than Rs 10,000

(iv) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

Transactions	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of goods		
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)	-	0.14
Services received		
Harpreet Motors Private Limited	0.01	-

(c) Details of balances with related parties at year end

(i) Key Management Personnel

Balances as at year end	As at 31 March 2022	As at 31 March 2021
Payables		
Mr. Vivek Vikram Singh	8.71	-
Mr. Rohit Nanda	4.82	-
Mr. Vikram Verma Vedapalli	9.60	-
Mr. Jeffrey Mark Overly	4.04	0.53
Mr. Ajay Pratap Singh	1.47	-

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 48. All outstanding balances are unsecured and settled in cash.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

38 Earnings per share

	31 March 2022	31 March 2021
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	3,615.43	2,151.65
Total number of equity shares at the beginning of the year	57,29,80,560	4,71,53,944
Issue of shares	1,13,72,150	-
Conversion of compulsory convertible preference shares into equity shares	-	5,94,436
Bonus shares issued during the year	-	52,52,32,180
Total number of equity shares at the end of the year	58,43,52,710	57,29,80,560
Effect of exercise of share options (refer note 45)	3,43,775	1,92,634
Total number of equity shares (including options) at the end of the year	58,46,96,485	57,31,73,194
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	58,15,29,094	57,29,80,560
Weighted average	58,15,29,094	57,29,80,560
Effect of exercise of share options	3,43,775	1,92,634
Weighted average	58,18,72,869	57,31,73,194
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	6.22	3.76
(b) Diluted earnings per share (in ₹)	6.21	3.73

Earning per share (both basic and diluted) has been restated for both the years presented on account of issue of bonus shares (refer note 14)

39 Employee Benefits

A Defined contribution plans:

Particulars	31 March 2022	31 March 2021
a) Provident fund	86.80	60.08
b) Employees state insurance corporation	0.32	0.40
c) Punjab/Haryana labour welfare fund	0.25	0.22
d) National Pension Scheme	8.24	7.47
	95.57	68.17

B Defined benefit plans:

(i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Holding Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

I Expense recognised in the statement of profit and loss

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Current service cost	20.67	19.54
(ii) Past service cost	-	3.46
(iii) Interest cost	6.48	6.62
(iv) Expected return on plan assets	(5.07)	(4.97)
Net expense recognised in the statement of profit and loss	22.08	24.65



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

II Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Actuarial changes arising from changes in demographic assumptions	(10.43)	0.38
(ii) Actuarial changes arising from changes in financial assumptions	17.04	(9.76)
(iii) Actuarial changes arising from changes in experience adjustments	9.84	4.68
(iv) Return on plan assets greater than discount rate	(0.89)	(0.16)
Net expense recognised in other comprehensive income	15.56	(4.86)

III Changes in obligation

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Opening balance	219.72	194.85
(ii) Current service cost	20.52	19.54
(iii) Past service cost	-	3.46
(iii) Interest cost	15.19	11.31
(iv) Benefit payments directly by employer	(3.38)	(2.80)
(v) Actuarial (gain)/loss	15.57	(4.86)
(vi) Benefit payments from plan assets	(2.40)	(1.78)
(vii) Present value of obligation as at year end	265.23	219.72

IV Changes in plan assets

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Fair value of plan assets as at the beginning of the period	191.63	164.49
(ii) Interest income	11.92	10.53
(iii) Contributions by employer	26.99	21.03
(iii) Benefit payments from plan assets	(5.77)	(4.58)
(iv) Actuarial gain/(loss) on plan assets	0.89	0.16
Fair value of plan assets	225.65	191.63

V Net assets / liabilities

	As at 31 March 2022	As at 31 March 2021
(i) Present value of obligation at the end of the year	265.24	219.73
(ii) Fair value of plan assets at the end of the year	225.64	191.62
(iii) Net liabilities recognised in the balance sheet		
- Non current	0.55	1.83
- Current	39.05	26.28

VI Experience adjustment

	For the year ended 31 March 2022	For the year ended 31 March 2021
Experience adjustment loss on plan liabilities	5.64	6.37

VII Investment details

The Parent Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Parent Company and have therefore not been disclosed.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

VIII Principal actuarial assumptions

	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate (per annum)	6.00-6.20%	6.00%-6.40%
Expected return on plan assets (per annum)	7.19%	5.90%
Expected increase in salary costs (per annum)	8.00-8.50%	7.00% - 8.00%
Attrition rate	15.00-17.00%	9.10% - 15.00%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Retirement age	58 years	58 years

IX Quantitative sensitivity analysis for significant assumptions is as below:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation	
	As at 31 March 2022	As at 31 March 2021
Delta effect of +1% change in rate of discounting	(16.53)	(16.62)
Delta effect of -1% change in rate of discounting	17.70	17.97
Delta effect of +1% change in rate of salary increase	17.33	17.70
Delta effect of -1% change in rate of salary increase	(16.38)	(16.57)

X Maturity profile of defined benefit obligation (undiscounted)

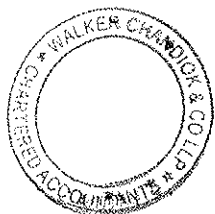
Particulars	As at	As at
	31 March 2022	31 March 2021
Within the next 12 months (next annual reporting period)	43.61	26.63
Between 2 and 5 years	135.30	94.62
Between 6 and 10 years	108.86	89.25
Total expected payments	287.77	210.50

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.30 - 9 years (31 March 2021: 6.28 - 9 years)

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

XIII Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

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SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

40 Contingent liabilities

	As at 31 March 2022	As at 31 March 2021
a) Claims against the Company not acknowledged as debts		
i) Service tax		
Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
ii) Income Tax *		
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2011-12)	4.21	4.21
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2012-13)	3.18	3.18
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2013-14)	2.12	2.12
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.00	2.00
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	77.25	70.78
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)	2.28	-
Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	3.73	3.73
(iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals. (FY 2014-15 to FY 2017-18)	14.85	14.85

* Amount paid under protest of ₹ 24.48 million (31 March 2021: ₹ 24.48 million)

** Total disputed amount of the case is ₹ 85.88 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 77.25 million (including interest liability) is being disclosed as a contingent liability.

As trial date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefor. Moreover no monetary claim was filed or is pending.

c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Company is under:

Particulars	As at 31 March 2022	As at 31 March 2021
Export obligation pending (₹ million)	4,429.60	2,903.78

41 Commitments

(a) Capital commitments	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	758.69	1,543.48
	758.69	1,543.48



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figure in Million ₹, unless stated otherwise)

42. Additional information as required by Paragraph 2 of the general instruction for the preparation of Consolidated financial statements as per Schedule III of Companies Act, 2013:

31 March 2022

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	98.04%	19,731.55	97.79%	3,555.58	(40.15)%	(11.52)	96.70%	3,523.86
Subsidiaries- India								
Comstar Automotive Technologies Services Private Limited	0.27%	54.32	0.49%	17.64	(0.44)%	(0.13)	0.48%	17.51
Sona Comstar eDrive Private Limited	0.07%	14.19	(0.02)%	(0.81)	0.00%	-	(0.02)%	(0.81)
Subsidiaries- Foreign								
Comstar Automotive USA LLC	3.87%	773.44	6.50%	234.95	98.67%	28.32	7.22%	263.27
Comstar Automotive Hongkong Limited	0.17%	34.17	(0.10)%	(3.76)	39.87%	11.44	0.21%	7.64
Comstar Automotive Technologies Mexicana Ltd	0.08%	195.68	4.71%	170.30	27.35%	7.85	4.80%	178.15
Comstar Automotive (Hangzhou) Co., Ltd	0.79%	158.83	1.14%	41.37	22.38%	6.42	1.31%	47.90
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.04)%	(11.36)	(0.22)%	(8.13)	(1.75)%	(0.50)	(0.24)%	(8.4)
Comstar Automotive Technologies Mexicana, S. DE R.L. DE C.V	3.60%	119.96	0.83%	0.91	26.29%	7.54	0.23%	8.5
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(5.34)%	(1,067.85)	(10.30)%	(372.41)	(7.22)%	(20.73)	(10.79)%	(393.4)
Total	100%	20,002.97	100%	3,615.43	100%	28.70	100%	3,644.13

31 March 2021

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
Holding Company								
Sona BLW Precision Forgings Limited	98.01%	13,609.53	100.41%	2,160.39	124.31%	(15.49)	100.27%	2,144.90
Subsidiaries- India								
Comstar Automotive Technologies Services Private Limited	0.27%	36.82	0.59%	12.78	(0.38)%	0.11	0.60%	12.83
Sona Comstar eDrive Private Limited	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-
Subsidiaries- Foreign								
Comstar Automotive USA LLC	3.49%	1,166.85	12.86%	276.76	250.58%	(31.17)	11.48%	245.59
Comstar Automotive Hongkong Limited	(0.49)%	(66.00)	0.46%	10.00	86.88%	(10.81)	(0.04)%	(9.81)
Comstar Automotive Technologies Mexicana Ltd	0.44%	61.00	(0.23)%	(5.00)	64.35%	(8.01)	(0.61)%	(7.01)
Comstar Automotive (Hangzhou) Co., Ltd	(0.67)%	(92.00)	1.30%	28.00	16.73%	(2.08)	1.21%	26.33
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	(0.01)%	2.00	0.09%	2.00	(3.86)%	0.48	0.12%	1.8
Comstar Automotive Technologies Mexicana, S. DE R.L. DE C.V	1.60%	(83.00)	(0.79)%	(17.00)	(1.16)%	0.14	(0.79)%	(16.86)
Comstar Hong Kong Mexico No. 1, LLC	(0.00)%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	(6.37)%	(875.96)	(14.70)%	(316.28)	(437.16)%	(54.38)	(12.24)%	(26.89)
Total	100%	13,759.34	100%	2,151.65	100%	(12.44)	100%	2,139.21



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

43 Leases

i) The Group has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.

ii) The Group does not have any lease commitments towards variable rent as per the contract.

iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Group must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Group shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

iv) Lease liabilities are presented in the statement of financial position as follows:

	As at 31 March 2022	As at 31 March 2021
Current	111.76	105.27
Non-current	696.02	720.15
	807.78	825.42

v) Future minimum lease payments are as follows:

Particulars	As at 31 March 2022		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	111.76	67.88	43.88
1-5 years	473.28	206.24	267.04
More than 5 years	797.57	300.69	496.88
	1,382.61	574.81	807.78

Particulars	As at 31 March 2021		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	105.27	78.95	29.08
1-5 years	458.11	232.91	224.91
More than 5 years	911.13	339.69	571.43
	1,474.51	648.56	825.42

vi) The following are amounts recognised in profit or loss:-

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation expense of right-of-use assets	86.26	71.77
Interest expense on lease liabilities	76.99	73.37
Rent expense (relating to short term leases on which lease liability is not recognised)	31.43	21.15
Total	194.68	166.29

vii) Total cash outflow pertaining to leases

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Total cash outflow pertaining to leases during the year ended	101.37	91.34

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

44 Revenue from contracts with customers

(a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This analysis reflects revenue by geography and timing of recognition.

Revenue from operations	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue by geography		
Domestic	8,030.55	5,275.49
Export	12,362.29	9,642.14
Total	20,332.84	14,917.63
Timing of revenue recognition		
Revenue recognised at point in time	20,291.34	14,917.63
Revenue recognised over the period of time	41.50	-
Total	20,332.84	14,917.63

(b) Liabilities related to contracts with customers

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	91.66	53.05
Income recognised from advance	(126.92)	(23.52)
Advance received from customers during the year	191.62	62.13
Advance from customers and contract liability (refer note 21)	156.36	91.66

(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Group to its customers for the year ended 31 March 2022 ₹ 0.43 million (31 March 2021: ₹ 1.26 million)



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

45 Share based payments

Employee Stock Option Scheme Sona BLW Precision Forging Limited- 2020 (Sona BLW ESOP Plan-2020) was approved by the shareholders of the Sona BLW Precision Forging Limited on 30 September 2020. The maximum number of Options to be granted under the Sona BLW ESOP Plan-2020 shall be 3,342,672 Options which shall upon exercise shall convert into maximum 3,342,672 Shares. The Sona BLW ESOP Plan entitles employees of the Group to purchase shares in the Group at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	01 October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ("First vesting"); 1,087,740 options 24 months after the grant date ("Second vesting"); 1,087,740 options 36 months after the grant date ("Third vesting")
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted	32,63,220 The total pool of Options that can be granted under the ESOP Plan is 3,342,672 (Thirty three lakh forty two thousand six hundred seventy two) Options out of which 3,263,220 (Thirty two lakh sixty three thousand two hundred twenty) Options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1 October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Total Company share based payment to employees amounting ₹ 66.61 million for the year ended 31 March 2022 (₹ 45.37 million for the year ended 31 March 2021) is recognized in the statements of profit and loss of the Company pertaining to options issued to employees of the Company. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares were not publicly traded at that time. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviewed its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment in 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	01 October 2020	01 October 2020	01 October 2020
Vesting date	01 October 2021	01 October 2022	01 October 2023
Expiry date	01 October 2024	01 October 2025	01 October 2026
Fair value of option at grant date using Black Scholes model	44.38	46.28	47.72
Exercise price	38.34	38.34	38.34
Expected volatility of returns	46.19%	46.63%	46.51%
Term to expiry	2.5 years	3.5 years	4.5 years
Expected dividend yield	1.60%	1.60%	1.60%
Risk free interest rate	4.64%	5.64%	5.23%

During the year ended 31 March 2021, the Board of Directors of the Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous value.

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

Particulars	Details
Options outstanding at the beginning of the period	32,63,220
Number of employees to whom options were granted	62
Options vested	10,81,764
Options exercised	10,62,872
Options forfeited/ lapsed/ cancelled	17,928
Option expired during the year	Nil
Options outstanding	Vested: 18,892
Options outstanding	Unvested: 21,63,528
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	10,62,872
Variation in terms of options	Per ESOP scheme
Money realised by exercise of options (in ₹ million)	4,07,50,512
Options outstanding at the period end	21,82,420
Options exercisable at the period end	18,892
Total number of options in force (excluding options not granted)	21,82,420
Weighted average remaining contractual life of outstanding options (in years)	4.00
Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2022 is ₹ 66.60 million (for the year ended 31 March 2021 was ₹ 45.37 million)

Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan

Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date

Employee wise details of options granted to
(i) Key Managerial Personnel

Mr. Vivek Vikram Singh
Mr. Rohit Nanda
Mr. Ajay Pratap Singh
Mr. Vikram Verma Vadaspalli
Mr. Sat Mohan Gupta
Mr. Sachin K. Gopalan K
Share based payment to Key Managerial Personnel for the year ended 31 March 2022 is ₹ 14.43 million (31 March 2021 was ₹ 29.11 million)

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

None
No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

46 Goodwill and brand impairment testing

Goodwill

As on 5 July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hong Kong"), pursuant to which the group had recognised goodwill amounting to ₹ 1,758.09 million and annual test for impairment of goodwill was carried out as at 31 March 2022 and 31 March 2021, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the consolidated statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 12%-14% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3%-4% as determined by the management.

Brand

On 1 August 2018, the Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives. This was due to the expectation of permanent use of acquired brand. The Company tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. In March 2022 and March 2021, there was no impairment identified for the brand.

The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 11%-15% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 3%-4% as determined by the management.

Intangible Asset

As per note 5, the Group had capitalized technology development expenditure of INR 402.13 million towards the development of hybrid starter motor (HSG technology) as at 1st Feb 2020. The development expenditure incurred towards Hybrid starter motor was put to impairment test as at 31st March 2022. The outcome of the test indicated that the value in use of the asset was higher than its carrying value of INR 308.74 million as at 31st March 2022. Accordingly, no impairment charge has been recognized in the consolidated statement of profit and loss. The recoverable amount of was determined based on value-in-use calculations using a discount rate of 11.5% reflecting current market assessments of the time value of money and risks specific to the technology, covering a detailed five-year forecast.

Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into

Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

47 The Group has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Group has considered internal and external sources of information up to the date of approval of the Consolidated Financial Results. Based on the current estimates, the Group does not expect any significant impact on such carrying values. The Group will continue to closely monitor any material changes to future economic conditions.

48 Relinquishment of right

In the board meeting on 12 Feb 2021 the board has approved waiver of the right to sell 19% shares in Sona Holding BV (put option) to Sona Autocomp at a pre-agreed consideration of ₹19 million and a waiver of the right to buy 81% shares in Sona Holding BV (call option) from Sona Autocomp at a pre-agreed formula based price defined in ISA. The decision was made taking cognizance of the situation that Sona Holding B.V, The Netherlands now has no business operations left in any of its subsidiaries. Put option waiver was approved as a transaction not at arm's length whereas waiver of call option was approved as a transaction at arm's length. Accordingly, the carrying value for 19% investment in Sona B.V. of ₹19 million as on 31st March 2020, has been taken as ₹ Nil as at 31 March 2021 and the resultant fair value loss has been booked under other comprehensive income.

49 Merger with Comstar Automotive Technologies Private Limited

The Hon'ble National Company Law Tribunal, Chandigarh Bench, vide order dated 7th January, 2022 ("Order"), has approved the Scheme of Amalgamation of Comstar Automotive Technologies Private Limited (Wholly Owned Subsidiary) with Sona BLW Precision Forgings Limited ("Company") with effect from 5th July, 2019 ("Appointed Date") and the Order was filed by the Company with the Registrar of Companies, NCT of Delhi and Haryana on 28th January, 2022. Accordingly, the Company has accounted for the merger as mentioned in the Scheme retrospectively and restated numbers for period presented as prescribed in Appendix C of IND AS 103 - Business Combinations. Goodwill (including assembled workforce) and customer relationships, earlier recorded in the consolidated financial statements amounting to Rs 1,582.24 million and Rs 2,929 million are now recorded in standalone financial statements. Change in the tax base of customer relationship after the merger has resulted in creation of merger reserve amounting to Rs. 737.23 million



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(Figures in Million ₹, unless stated otherwise)

50 Exceptional item

As per the terms of contract with the Selling shareholders, all Initial Public Offering (IPO) related expenses were to be borne by the Company and the Selling shareholders in proportion to the number of Equity Shares issued and/or transferred by each one of them in the IPO respectively. However, in the event that the Issue was withdrawn by the Company or not completed for any reason whatsoever, all the Issue related expenses would have to be solely borne by the Company.

During the year ended 31st March 2021, the Company had incurred expenses amounting to ₹ 143.23 million related to the proposed IPO of the company. Considering the fact that the recovery of expenses incurred was not virtually certain as on 31st March 2021, the management decided to charged off ₹ 139.06 million to the Statement of Profit and Loss as an Exceptional Expense and the remaining amount of ₹ 4.17 million was recorded under the head 'Other Current Assets'.

In year ended 31st March 2022, since the IPO has now been completed, the pro-rata IPO expenses recovered from the selling shareholder have been recorded as an exceptional income in the Statement of Profit and Loss. Pro-rata IPO expenses related to fresh issue of shares have been charged off to the equity in compliance with the applicable accounting standards.

51 Other Statutory Information

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with companies struck off.
- (iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group have 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:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

52 The Parent Company completed its maiden Initial Public Offer of 190,721,649 Equity Shares of the face value of ₹ 10/- each at an issue price of ₹ 291/- per Equity Share, comprising offer for sale of 180,412,371 shares by selling shareholders and fresh issue of 10,309,278 shares. The Equity Shares of the Company were listed on 24 June 2021 on Bombay Stock Exchange and National Stock Exchange of India Limited.

53 The utilisation of the net Initial Public Offering proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation upto 31 March 2022	Unutilised amount as on 31 March 2022
Repayment and Prepayment of identified borrowings	2,411.17	2,411.17	-
General Corporate Purposes	523.13	523.13	-

Of the unutilised net Fresh IPO Proceeds, there is no balance lying in Monitoring Agency Account and Public Offer Account.

54 Reconciliation of quarterly bank return

Quarter	Particulars	FY 2021 - 22		FY 2020 - 21	
		Amount as per books of account	Amount as reported in the quarterly return/ statement #	Amount as per books of account	Amount as reported in the quarterly return/ statement #
Quarter 1	Trade Receivable	2,224.24	2,205.86	1,038.74	1,042.93
Quarter 1	Inventory	1,097.81	1,097.82	570.93	580.20
Quarter 1	Trade Payables *	643.80	628.29	280.67	279.17
Quarter 2	Trade Receivable	2,646.84	2,535.07	1,904.01	1,805.67
Quarter 2	Inventory	1,115.32	1,172.13	672.16	664.76
Quarter 2	Trade Payables *	801.28	802.83	596.87	596.19
Quarter 3	Trade Receivable	2,391.82	2,273.52	2,402.70	2,299.90
Quarter 3	Inventory	1,391.00	1,390.99	832.40	849.84
Quarter 3	Trade Payables *	775.96	775.88	841.87	840.41
Quarter 4	Trade Receivable	4374.88 **	4238.12 **	2,478.63	2,459.14
Quarter 4	Inventory	3006.75 **	2983.2 **	997.69	997.69
Quarter 4	Trade Payables *	1579.80 **	1616.31 **	669.24	667.94

Notes:-

§) HDFC Bank and SBI are represented as Working capital lenders

#The difference in the trade receivables between the books of accounts and the amount reported to banks is on account of adjustment of bill discounting for a specific debtor. Rest of the differences are not significant.

* Above information is given as per the norms of working capital lenders

** Q4 FY22 Quarter figure are post merger (refer note 49)



SONA BLW PRECISION FORGINGS LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022
(Figures in Million ₹, unless stated otherwise)

55 Previous year's figures has been regrouped and/ or reclassified wherever necessary to confirm to the current year's groupings and classifications.

56 Authorisation of Consolidated financial statements

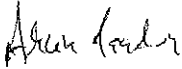
The Consolidated financial Statements for the year ended 31 March 2022 were approved by the Board of Directors on 05th May 2022.

The accompanying summary of accounting policies and significant explanatory notes form an integral part of these Consolidated financial statements.

For Walker Chandniok & Co LLP

Chartered Accountants

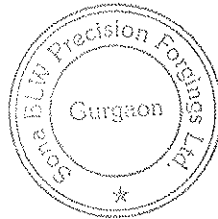
Firm Registration No. : 001076N/N500013



Arun Tandon

Partner

Membership No: 517273



Sunjay Kapur

Non Executive Chairman

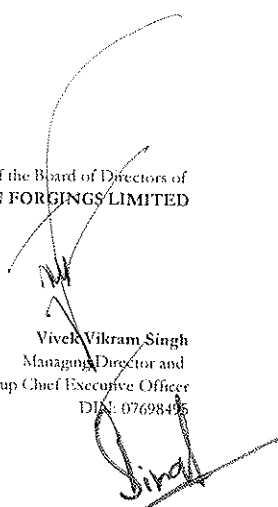
DIN: 00145529



Rohit Nanda

Group Chief Financial Officer

For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED



Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698496

Ajay Pratap Singh

Company Secretary

M.No. - FCS-5253

Place: Gurugram

Date: May 5, 2022

Place: New Delhi

Date: May 5, 2022

Independent Auditor's Review Report on Unaudited Condensed Interim Consolidated Financial Statements of Sona BLW Precision Forgings Limited for the quarter ended 30 June 2024

To the Board of Directors of Sona BLW Precision Forgings Limited

Introduction

1. We have reviewed the accompanying unaudited condensed interim consolidated financial statements of Sona BLW Precision Forgings Limited and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the unaudited condensed interim consolidated financial statements), which comprise the Unaudited Condensed Interim Consolidated Balance Sheet as at 30 June 2024, the Unaudited Condensed Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Unaudited Condensed Interim Consolidated Statement of Cash Flows, the Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the quarter then ended, and other explanatory information (together hereinafter referred to as the "Unaudited Condensed Interim Consolidated Financial Statements"). The management is responsible for the preparation and presentation of these Unaudited Condensed Interim Consolidated Financial Statements in accordance with the requirements of Indian Accounting Standard 34, Interim Financial Reporting ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 ('the Act'), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India. These Unaudited Condensed Interim Consolidated Financial Statements have been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on these Unaudited Condensed Interim Consolidated Financial Statements based on our review.

Scope of Review

2. We conducted our review of the Unaudited Condensed Interim Consolidated Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ('ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review conducted as above and upon consideration of the review reports of the other auditor referred to in paragraph 4 below, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Consolidated Financial Statements are not prepared, in all material aspects, in accordance with the requirements of Ind AS 34, prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India.



Walker Chandiook & Co LLP

Independent Auditor's Review Report on Unaudited Condensed Interim Consolidated Financial Statements of Sona BLW Precision Forgings Limited for the quarter ended 30 June 2024 (Cont'd)

Other Matters

4. We did not review the interim financial results of five subsidiaries included in the Condensed Interim Consolidated Financial Statements, whose financial information reflects total assets of ₹ 1,653.16 million as at 30 June 2024 and total revenues of ₹ 194.96 million, total net profit after tax of ₹ 2.21 million, total comprehensive income of ₹ (4.89) million, for the quarter ended on 30 June 2024, and cash flows (net) of ₹ (145.80) million for the quarter ended 30 June 2024 as considered in the Unaudited Condensed Interim Consolidated Financial Statements. These interim financial results have been reviewed by other auditor whose review report has been furnished to us by the management, and our conclusion on Unaudited Condensed Interim Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review report of such other auditor.

Further, all the aforesaid subsidiaries are located outside India, whose interim financial results have been prepared in accordance with group accounting principles and which have been reviewed by other auditors under International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Our conclusion on Unaudited Condensed Interim Consolidated Financial Statements, in so far as it relates to the balances and affairs of these subsidiaries is based on the review report of other auditor.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the report of the other auditor.

5. The Holding Company had prepared separate set of consolidated financial information for the quarter ended 30 June 2024 in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), on which we had expressed an unmodified conclusion vide our review report dated 24 July 2024 to the Board of Directors of the Holding Company. Our conclusion is not modified in respect of this matter.

Restriction on distribution or use

6. The Unaudited Condensed Interim Consolidated Financial Statements has been prepared by the Holding Company's Management to be included in the Holding Company's Preliminary Placement Document/Placement Document for the purpose of proposed offering of equity shares by the Holding Company through Qualified Institutional Placement as approved by the Board of Directors in their meeting dated 24 July 2024 and therefore, it may not be suitable for any other purpose. This review report is issued solely for the aforementioned purpose, and accordingly should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this review report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Arun Tandon

Partner

Membership No. 517273

UDIN: 24517273BKEXIP2041



Place: New Delhi

Date: 03 September 2024

Walker ChandioK & Co LLP

Independent Auditor's Review Report on Unaudited Condensed Interim Consolidated Financial Statements of Sona BLW Precision Forgings Limited for the quarter ended 30 June 2024 (Cont'd)

Annexure 1

List of entities included in the unaudited condensed Consolidated Interim Financial Statements

Sno. Name of the Company

1. Sona BLW Precisions Forgings Limited

Name of the subsidiaries

1. Comstar Automotive Technologies Services Private Limited
2. Comstar Automotive USA LLC
3. Comstar Automotive Hongkong Limited
4. Comestel Automotive Technologies Mexicana Ltd
5. Comstar Automotive (Hangzhou) Co., Ltd
6. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
7. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
8. Comstar Hong Kong Mexico No. 1, LLC
9. Sona Comstar eDrive Private Limited*
10. Sona BLW eDrive Mexicana, S.A.P.I. DE C.V.**
11. NOVELIC d.o.o. Beograd*
12. NIRSEN SRL*
13. NOVELIC ESC DOOEL SKOPJE*
14. NIRSEN D.O.O*
15. Novelic GMBH **

* acquired as on 06 September 2023

** incorporated as on 20 June 2024



SONA BLW PRECISION FORGINGS LIMITED

Unaudited Condensed Interim Consolidated Balance Sheet as at 30th June 2024

(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	As at 30th June 2024	As at 31st March 2024
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,046.55	9,117.30
Right-of-use assets	3	2,310.66	2,397.87
Capital work-in-progress	3	1,480.18	946.01
Goodwill	4	3,518.31	3,518.31
Other intangible assets	4	4,324.77	4,471.91
Intangible assets under development	4	2,800.41	2,690.48
Financial assets			
(i) Investments	5	114.37	100.37
(ii) Other financial assets		109.81	110.23
Income tax assets (net)		275.80	271.61
Other non-current assets		1,044.65	953.29
Total non-current assets		25,025.51	24,577.38
Current assets			
Inventories		3,665.35	3,474.91
Financial assets			
(i) Investments	5	2,335.18	316.40
(ii) Trade receivables		6,035.55	6,482.63
(iii) Cash and cash equivalents		582.24	910.05
(iv) Bank balances other than (iii) above		1,622.56	1,831.59
(v) Other financial assets		30.25	25.53
Other current assets		1,344.07	1,030.64
Total current assets		15,615.20	14,071.75
Total assets		40,640.71	38,649.13
EQUITY AND LIABILITIES			
Equity			
Equity share capital		5,864.61	5,864.48
Other equity		22,142.48	20,638.80
Non-controlling interest		1,492.11	1,497.77
Total equity		29,499.20	28,001.05
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	6 (i)	243.37	292.05
(ii) Lease liabilities		1,625.27	1,691.73
(iii) Other financial liabilities		510.20	508.71
Provisions		254.83	252.60
Deferred tax liabilities (net)		1,248.36	1,261.19
Total non-current liabilities		3,882.03	4,006.28



SONA BLW PRECISION FORGINGS LIMITED

Unaudited Condensed Interim Consolidated Balance Sheet as at 30th June 2024

(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	As at 30th June 2024	As at 31st March 2024
Current liabilities			
Financial liabilities			
(i) Borrowings	6 (ii)	2,217.99	2,038.54
(ii) Lease liabilities		94.99	99.01
(iii) Trade payables			
-Total outstanding dues of micro enterprises and small enterprises		481.88	519.88
-Total outstanding dues of creditors other than micro enterprises and small enterprises		2,745.24	2,461.17
(iv) Other financial liabilities		968.25	1,046.03
Other current liabilities		389.99	308.63
Provisions		81.82	77.01
Current tax liabilities (net)		279.32	91.53
Total current liabilities		7,259.48	6,641.80
Total liabilities		11,141.51	10,648.08
Total equity and liabilities		40,640.71	38,649.13

The accompanying policies and notes are an integral part of the unaudited condensed interim consolidated financial statements. 1 to 10

This is the unaudited condensed interim consolidated balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. Kapur

Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda
Group Chief Financial Officer

Vivek Vikram Singh

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07699406

Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi
Date: September 03, 2024

Place: Gurgaon
Date: September 03, 2024

SONA BLW PRECISION FORGINGS LIMITED

Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
Income			
Revenue from operations	7	8,911.77	7,314.84
Foreign exchange gain (net)		18.56	7.85
Other income		69.57	53.63
Total income		8,999.90	7,376.32
Expenses			
Cost of materials consumed		3,824.21	3,237.16
Changes in inventories of finished goods and work-in-progress		(36.40)	(84.30)
Employee benefits expense		760.59	491.33
Finance costs	8	86.16	53.37
Depreciation and amortisation expense		606.77	510.56
Other expenses		1,870.32	1,643.71
Total expenses		7,111.15	5,851.83
Profit before exceptional items and loss		1,888.75	1,524.49
Exceptional item	9	-	28.43
Profit before tax		1,888.75	1,495.06
Tax expense			
- Current tax		483.52	372.79
- Tax related to previous period		-	0.06
- Deferred tax (credit)/change		(11.91)	1.85
Total tax expense		471.61	374.71
Profit for the period		1,417.14	1,120.35
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements (losses)/gains on defined benefit plans		(3.86)	0.57
Income tax relating to above mentioned item		1.48	(0.15)
<i>Items that will be reclassified in profit or loss</i>			
Exchange difference on retranslation of foreign subsidiaries		(33.01)	2.15
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge		30.71	31.60
Income tax relating to above mentioned item		(0.93)	(13.04)
Other comprehensive income for the period		(7.61)	41.13
Total comprehensive income for the period		1,409.53	1,161.48
Profit attributable to:			
a) Owners of the parent		1,419.53	1,120.35
b) Non-controlling interests		(2.39)	-
Other comprehensive income attributable to:			
a) Owners of the parent		(4.34)	41.13
b) Non-controlling interests		(3.27)	-
Total comprehensive income attributable to:		1,415.18	1,161.48
a) Owners of the parent		1,415.18	1,161.48
b) Non-controlling interests		(3.63)	-
Earnings per equity share of face value of ₹ 10 each			
Earnings per share (Basic) (in ₹)	13	2.42	1.91
Earnings per share (Diluted) (in ₹)	13	2.42	1.91

The accompanying policies and notes are an integral part of the unaudited condensed interim consolidated financial statements.

This is the unaudited condensed interim consolidated statement of profit and loss referred to in our report of even date.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No : 001076N/N500013

Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Suojoy Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda
Group Chief Financial Officer

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07628699

Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi
Date: September 03, 2024

Place: Gurgaon
Date: September 03, 2024

SONA BLW PRECISION FORGINGS LIMITED
Unaudited Condensed Interim Consolidated Cash Flow Statement for the period ended 30th June 2024
(Figures in Million ₹, unless stated otherwise)

Particulars	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
A. Cash flows from operating activities		
Profit before income tax	1,888.75	1,495.06
<i>Adjustments for:</i>		
Depreciation and amortisation expense	606.27	510.56
Loss on sale of property plant and equipment (net)	0.61	1.11
Share based payments	88.15	4.35
Unwinding of discount on fair valuation of security deposits	(0.44)	(0.35)
Provision for slow moving inventory	0.29	0.31
Fair value loss/(gain) on derivatives	23.33	(72.13)
Provision for warranty	10.08	5.61
Unwinding of discount on deferred payment liabilities	11.89	-
Profit on sale of investments	(19.68)	-
Finance costs	84.04	51.92
Interest income	(37.18)	(52.48)
Unrealised foreign exchange (gain)/loss (net)	(13.84)	20.62
Operating profit before working capital changes	2,642.27	1,964.58
Changes in working capital		
Movement in inventories	(192.81)	42.22
Movement in trade receivables	435.53	185.51
Movement in financial assets	(5.04)	(6.44)
Movement in other assets	(245.17)	(248.96)
Movement in trade payable	267.17	(8.41)
Movement in financial liabilities	(93.40)	(17.56)
Movement in provision	(37.92)	15.13
Movement in other liabilities	93.33	20.93
Cash generated from operations	2,863.96	1,947.00
Direct taxes paid	(300.50)	(202.99)
Net cash flow generated from operating activities - Total (A)	2,563.46	1,744.01
B. Cash flows from investing activities		
Purchase of property, plant and equipment, intangibles and capital work in progress including capital advances	(1,086.30)	(768.35)
Proceeds from sale of property, plant and equipment	2.44	0.54
Fixed deposits created during the period	(365.71)	(1,425.38)
Fixed deposits matured during the period	704.20	775.05
Purchase of current investment (net)	(1,930.21)	(431.42)
Purchase of Non-current investment	(14.00)	-
Interest received	42.30	46.33
Net cash used in investment activities - Total (B)	(2,847.28)	(1,803.23)
C. Cash flows from financing activities		
Proceeds from short term borrowings (net)	176.74	268.75
Repayment of long term borrowings	(48.67)	(6.25)
Repayment of deferred payment liabilities	(11.89)	-
Repayment of lease liabilities	(72.41)	(11.82)
Interest paid on lease liabilities	(37.25)	(18.97)
Net proceeds from issue of equity shares (including securities premium)	0.49	0.42
Interest paid	(45.65)	(33.55)
Net cash flow (used) in/ generated from financing activities - Total (C)	(38.64)	198.58



SONA BLW PRECISION FORGINGS LIMITED
Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the period ended 30th June 2024
(Figures in Million ₹, unless stated otherwise)

A. Equity share capital

	Amount
Balance as at 1 April 2023	5,854.05
Equity share issued during the year	0.43
Balance as at 31 March 2024	5,854.48
Balance as at 1 April 2024	5,854.48
Equity share issued during the period	0.13
Balance as at 30 June 2024	5,854.61

B. Other equity:

	Reserve and Surplus					Equity Instruments through other comprehensive income	Cash Flow hedge reserve	Foreign currency translation reserve	Merger Reserve	Total Attributable to the equity share holders of the parent	Non-controlling interest	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings							
Balance as at 1 April 2023	120.00	5,601.48	25.93	46.05	10,715.87	(368.33)	12.78	158.97	737.23	17,047.95	-	17,047.95
Net profit for the period	-	-	-	-	1,120.35	-	-	-	-	1,120.35	-	1,120.35
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax)	-	-	-	-	-	-	38.56	-	-	38.56	-	38.56
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	0.42	-	-	-	-	0.42	-	0.42
Employee stock option reserve created during the period	-	-	-	4.35	-	-	-	-	-	4.35	-	4.35
Impact on exercise of ESOPs grants	-	0.51	-	(0.51)	-	-	-	-	-	-	-	-
Premium on ESOPs Issue	-	0.31	-	-	-	-	-	-	-	0.31	-	0.31
Foreign currency translation reserve during the period	-	-	-	-	-	-	2.11	-	-	2.11	-	2.11
Balance as at 30 June 2023	120.00	5,602.29	25.93	49.87	11,836.61	(368.33)	31.54	161.12	737.23	15,214.10	-	15,214.10
Balance as at 1 April 2024	120.00	5,680.81	25.93	155.11	14,076.12	(368.33)	21.37	159.36	737.23	20,636.80	1,497.77	22,134.57
Net profit/(loss) for the period	-	-	-	-	1,417.53	-	-	-	-	1,417.53	(2.39)	1,417.14
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax)	-	-	-	-	-	-	29.77	-	-	29.77	-	29.77
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(4.38)	-	-	-	-	(4.38)	-	(4.38)
Employee stock option reserve created during the period	-	-	-	88.15	-	-	-	-	-	88.15	-	88.15
Impact on exercise of ESOPs grants	-	0.61	-	(0.61)	-	-	-	-	-	-	-	-
Premium on ESOPs Issue	-	0.36	-	-	-	-	-	-	-	0.36	-	0.36
Foreign currency translation reserve during the period	-	-	-	-	-	-	(9.14)	-	-	(9.14)	-	(9.14)
Balance as at 30 June 2024	120.00	5,681.78	25.93	242.69	15,493.26	(368.33)	31.54	167.62	737.23	22,142.19	1,495.38	23,637.57

This is the unaudited condensed interim consolidated statement of changes in equity referred to in our report of even date.

For Walker Chandniok & Co LLP
 Chartered Accountants
 Firm Registration No. - 001076/N/S/00013

Arun Tandon
 Arun Tandon
 Partner
 Membership No: 317273



For and on behalf of the Board of Directors
 SONA BLW PRECISION FORGINGS LIMITED

Sonjay Kapur
 Sonjay Kapur
 Non Executive Chairman
 DIN: 00149329

Rohit Nanda
 Rohit Nanda
 Group Chief Financial Officer

Vishal Khanna
 Vishal Khanna
 Managing Director and Group Chief Executive Officer
 DIN: 00149329

Ajay Pratap Singh
 Ajay Pratap Singh
 Company Secretary
 M.No. - FCS-5253

Place: New Delhi
 Date: September 03, 2024

Place: Gurgaon
 Date: September 03, 2024

SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

1 Group overview

Sona BLW Precision Forgings Limited (the "Parent Company" or the "Company"), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as "the Group") are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications.

2 Basis of preparation

These Unaudited Condensed Interim Consolidated Financial Statements of the Sona BLW Precision Forgings Limited ("the holding Company") and its subsidiaries (the holding Company and its subsidiaries together referred to as 'the Group') consisting of the Unaudited Condensed Interim Consolidated Balance Sheet as at 30 June 2024, the Unaudited Condensed Interim Consolidated Statement of Profit and Loss (including other comprehensive income), the Unaudited Condensed Interim Consolidated Statement of Cash Flows, the Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the quarter then ended and other explanatory information (together hereinafter referred to as the "Unaudited Condensed Interim Consolidated Financial Statements") has been prepared in accordance with the principles laid down in Indian Accounting Standards 34, (Ind AS 34) "Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India.

The Unaudited Condensed Interim Consolidated Financial Statements have been prepared by the Holding Company's management to be included in the Holding Company's Preliminary Placement Document/ Placement Document to be filed for the purpose of proposed equity shared by the Holding Company through Qualified Institutional Placement as approved by the Board of Directors in their meeting dated 24th July 2024. Accordingly, such Unaudited Condensed Interim Consolidated Financial Statements may not be suitable for any other purpose.

The material accounting policy information adopted in the preparation of the Unaudited Condensed Interim Consolidated Financial Statements is consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended March 31, 2024.

Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in financial position and performance since the last annual audited consolidated financial statements. These Unaudited Condensed Interim Consolidated Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statement for the year ended 31 March 2024.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(figures in Million ₹, unless stated otherwise)

3 Property, plant and equipment, Capital work-in-progress (CWIP) and Right of Use Asset (ROU)

	Freehold land					Right-of-use assets					Total	
	Buildings (Refer note 1)	Plant and equipment (Refer note ii)	Furniture and fixtures	Office Equipment	Computers	Vehicles	Leasehold improvement	Total	Capital work- in-progress	Leasehold land		Building
Gross block as at 1st April 2023	26.25	1,175.30	9,141.60	96.54	147.17	195.34	196.88	11,132.58	693.55	925.43	830.63	1,756.06
Add: Effect of business combination	-	47.50	10.35	-	10.35	-	-	57.85	-	-	225.88	225.88
Gross block after effect of business combination	26.25	1,175.30	9,189.40	96.54	157.52	195.34	196.58	11,190.43	693.55	925.43	1,056.51	1,981.94
Additions	93.91	2,119.70	25.40	32.83	11.68	11.68	84.15	2,599.05	2,627.27	-	839.00	839.00
Disposals	-	(57.79)	(1.81)	(1.81)	(0.03)	(2.61)	(36.61)	(92.85)	-	-	-	-
Transfer on capitalization	-	-	-	-	-	-	-	-	(2,374.82)	-	-	-
Foreign currency translation reserve	0.10	0.32	3.31	0.25	0.62	0.15	0.16	5.11	0.66	-	0.53	0.53
Gross block as at 31st March 2024	26.65	1,269.56	11,254.51	120.37	190.34	234.56	250.87	13,501.74	946.01	925.43	1,896.03	2,821.46
Accumulated depreciation as at 1st April 2023	152.99	2,403.43	39.67	79.91	79.91	118.64	67.12	2,923.27	-	51.71	269.93	321.64
Add: Effect of business combination	-	20.21	-	-	-	-	-	20.21	-	-	-	-
Accumulated depreciation after effect of business combination	152.99	2,432.64	39.67	79.91	79.91	118.64	67.12	2,952.48	-	51.71	269.93	321.64
Depreciation charge during the period	31.27	1,331.72	14.13	16.25	16.25	16.69	39.16	1,513.16	-	2.61	99.93	102.56
Disposals	-	(53.30)	(1.81)	(2.61)	(0.03)	(2.61)	(23.26)	(83.01)	-	-	-	-
Foreign currency translation reserve	-	1.19	0.13	0.13	0.08	0.08	0.40	1.80	-	-	0.60	0.60
Accumulated depreciation as at 31st March 2024	204.26	3,710.26	52.12	96.13	96.13	162.79	83.42	4,364.44	-	54.34	369.24	423.59
Net carrying amount as at 31st March 2024	26.65	1,065.30	7,544.25	68.25	94.21	71.76	167.46	9,117.30	946.01	871.09	1,526.79	2,397.87
Gross block as at 1st April 2024	26.65	1,269.56	11,254.51	120.37	190.34	234.56	250.87	13,501.74	946.01	925.43	1,896.03	2,821.46
Additions	18.11	386.22	5.01	6.83	11.41	22.32	1.23	331.16	865.17	-	-	-
Disposals	-	(2.23)	(3.11)	(3.11)	(3.11)	(3.11)	(5.82)	(11.16)	(331.30)	-	(17.19)	(17.19)
Transfer on capitalization	(0.08)	(0.30)	(5.00)	(0.31)	(0.03)	(0.31)	(0.61)	(6.95)	-	-	(1.26)	(1.26)
Gross block as at 30th June 2024	26.57	1,287.38	11,533.50	125.04	197.14	242.28	266.76	13,834.79	1,480.18	925.43	1,847.58	2,773.01
Accumulated depreciation as at 1st April 2024	304.26	3,710.26	52.12	96.13	96.13	162.79	83.42	4,381.11	-	51.34	369.24	423.59
Depreciation charge during the period	12.93	682.36	3.80	4.52	4.52	4.52	11.88	116.47	-	0.66	38.10	38.76
Disposals	-	(21.89)	(3.11)	(2.92)	(3.11)	(3.11)	(2.92)	(8.41)	-	-	-	-
Foreign currency translation reserve	-	(1.01)	(0.97)	(0.27)	(0.02)	(0.31)	(0.61)	(1.26)	-	-	-	-
Accumulated depreciation as at 30th June 2024	216.15	4,074.47	55.65	100.63	100.63	170.95	91.46	4,788.24	-	55.00	407.34	462.35
Net carrying amount as at 30th June 2024	26.57	1,071.23	7,459.03	69.39	96.51	71.33	175.30	9,046.55	1,480.18	870.43	1,440.24	2,310.66

ii Transfer on capitalization also includes amount transferred to intangible assets.

Notes:

- (i) Building (gross block) amounting ₹ 1,141.45 million (31 March 2024: ₹ 1,102.27 million), net block ₹ 816.21 million (31 March 2024: ₹ 824.33 million) is constructed on leasehold land.
- (ii) Refer note 15 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) Refer note 6 for information on property, plant and equipment pledged as security by the Company.
- (iv) Property, plant and equipment (net carrying amount) of ₹ 137.88 million (31 March 2024: ₹ 134.94 million) and capital work in progress of ₹ 13.11 million (31 March 2024: ₹ 26.29 million) is being with job workers.



SONA BLW PRECISION FORGINGS LIMITED
Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024
(Figures in Million ₹, unless stated otherwise)

4 Intangible assets, Intangible assets under development and Goodwill

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure	Brand	Customer relationships	Total	Intangible assets under development	Goodwill on consolidation (including assembled workforce)
Gross block as at 1st April 2023	401.24	31.15	992.90	687.40	4,009.00	6,121.69	217.79	1,758.09
Add: Effect of business combination	-	-	348.10	-	187.44	535.54	2,138.46	1,760.22
Gross block after effect of business combination	401.24	31.15	1,341.00	687.40	4,196.44	6,657.23	2,356.25	3,518.31
Additions	46.78	-	-	-	-	46.78	380.42	-
Transfer to intangible assets	-	-	-	-	-	-	(63.22)	-
Foreign currency translation reserve	-	-	-	-	-	-	(2.97)	-
Gross block as at 31st March 2024	448.02	31.15	1,341.00	687.40	4,196.44	6,704.01	2,690.48	3,518.31
Accumulated amortisation as at 1st April 2023	191.73	26.94	429.20	-	999.51	1,647.38	-	-
Amortisation charge for the period	82.14	1.67	211.84	-	289.07	584.72	-	-
Closing accumulated amortisations at 31st March 2024	273.87	28.62	641.04	-	1,288.58	2,232.10	-	-
Net carrying amount as at 31st March 2024	174.15	2.53	699.96	687.40	2,907.86	4,471.91	2,690.48	3,518.31
Gross block as at 1st April 2024	448.02	31.15	1,341.00	687.40	4,196.44	6,704.01	2,690.48	3,518.31
Additions	3.50	-	-	-	-	3.90	116.42	-
Transfer to intangible assets	-	-	-	-	-	-	(3.38)	-
Foreign currency translation reserve	-	-	-	-	-	-	(3.11)	-
Gross block as at 30th June 2024	451.92	31.15	1,341.00	687.40	4,196.44	6,707.91	3,800.41	3,518.31
Accumulated amortisation as at 1st April 2024	273.87	28.62	641.04	-	1,288.58	2,232.10	-	-
Amortisation charge for the period	15.64	0.14	59.34	-	75.92	151.04	-	-
Closing accumulated amortisations at 30th June 2024	289.51	28.76	700.38	-	1,364.50	2,383.14	-	-
Net carrying amount as at 30th June 2024	162.41	2.39	640.62	687.40	2,831.94	4,324.77	3,800.41	3,518.31



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

5 Investments	As at 30th June 2024	As at 31st March 2024
At Cost, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)		
9,553 (31 March 2024: 9,553) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	211.66	211.66
Less: Provision for impairment	(211.66)	(211.66)
At Cost, Unquoted investments, Investment in Preference shares of other than subsidiary companies (non-current)		
392,647 (31 March 2024: 392,647) equity shares of Euro 5 each in Sona Holding B.V. The Netherlands	116.62	116.62
Less: Provision for impairment	(116.62)	(116.62)
Fair value through profit and loss account, Unquoted investments, Investment in equity shares of other than subsidiary companies (non-current)		
927,639 (31 March 2024: 927,639) equity shares of C-Motive Technologies, Inc.	45.62	45.62
42,716 (31 March 2024: 42,716) equity shares of INR 10 each in Clean Max Enlypsa Private Limited	54.75	54.75
17,805 (31 March 2024: Nil) equity shares of INR 10 each in Clean Max Nova Private Limited	14.00	-
Aggregate amount of unquoted non-current investments	114.37	100.37
Aggregate amount of impairment of unquoted investments	328.28	328.28
	As at 30th June 2024	As at 31st March 2024
Investment (current)		
At fair value through profit and loss - Quoted Investment		
74867.35 units (31 March 2024: 76,312.99) of HDFC Overnight Fund - Regular	270.35	271.15
135,061.97 units (31 March 2024: Nil) of Kotak Overnight Fund Direct Growth	175.34	-
55,690.36 units (31 March 2024: Nil) of Sbi Overnight Fund Direct Growth	220.51	-
152,138.20 units (31 March 2024: Nil) of Aditya Birla Sun Life Overnight Fund-Growth-Direct	200.26	-
163,390.27 units (31 March 2024: Nil) of Axis Overnight Fund Direct Growth	210.35	-
22,379,394.19 units (31 March 2024: Nil) of Hdfc Nifty G-Sec Dec 2026 Index Fund Direct Growth	252.06	-
24,451,610.95 units (31 March 2024: Nil) of Sbi Cpse Bond Plus Sdl Sep 2026 50 50 Index Fund Direct Growth	278.08	-
22,908,764.81 units (31 March 2024: Nil) of Aditya Birla Sun Life Nifty Sdl Plus Psu Bond Sep 2026 60:40 Index-Direct Growth	262.53	-
13,451,880.25 units (31 March 2024: Nil) of Nippon India Nifty Aaa Cpse Bond Plus Sdl - Apr 2027 Maturity 60:40 Index Fund Direct Growth	151.40	-
17,371,478.84 units (31 March 2024: Nil) of Axis Crisl Jbv Sdl May 2027 Index Fund-Direct Growth	196.65	-
5764 units (31 March 2024: 5764) of Mirae Assets Overnight Fund- Direct Growth Plan	7.19	7.08
74,370.31 units (31 March 2024: Nil) of Raiffeisen Euro Cash Fund	68.74	-
JP Morgan 100% US Treasury Securities Money Market Fund	41.72	38.17
	2,335.18	316.40
Aggregate amount of quoted investments at market value	2,335.18	316.40



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

6 Borrowings

(i) Non - current borrowings

	As at 30th June 2024	As at 31st March 2024
Secured		
Term loans from banks		
Indian rupee loans	438.07	486.75
	438.07	486.75
Less: Amount disclosed under current borrowings (refer note (ii) below)	(194.70)	(194.70)
Total non-current borrowings	243.37	292.05

Notes:

i) Above term loans is secured by first pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon only. Second pari passu charge on entire current assets of the Company.

ii) Repayment schedule and Interest rates for the above Term Loans are as follows:

a) Term loan from HDFC bank amounting to Rs. 300.00 million (31 March 2024 : Rs. 333.33 million) is repayable in 12 quarterly instalments w.e.f. October 2023.

b) Term loan from Citi bank amounting to Rs. 56.25 million (31 March 2024 : Rs. 62.50 million) is repayable in 16 quarterly instalments w.e.f. December 2022.

c) Term loan from Citi bank amounting to Rs. 81.82 million (31 March 2024 : Rs. 90.92 million) is repayable in 11 quarterly instalments w.e.f. March 2024.

The interest rate for the above term loans from banks as at 30th June 2024 is a floating interest rate linked with T-bill current effective rate in the range of 7.92% - 8.89% p.a (March 31, 2024 : 8.09% - 8.87% p.a.).

(ii) Current borrowings

	As at 30th June 2024	As at 31st March 2024
Secured		
Indian Rupee loans repayable on demand from banks (refer note (a) below)	2,023.29	1,737.95
Indian Rupee loans repayable on demand from NBFC (refer note (b) below)	-	105.89
Current Maturities of non current borrowings (refer note (i) above)	194.70	194.70
Total current borrowings	2,217.99	2,038.54

Notes:

a) Indian Rupee loans repayable on demand from banks

Above working capital loan is secured by first pari passu charge on entire current assets of the Company and second pari passu charge on the entire moveable fixed assets, present and future, of the company and immovable fixed assets situated at Gurgaon plant only.

Repayment and rate of interest:

i) Cash credit amounting to Nil (31 March 2024 : Rs. 9.23 million) is repayable on demand carries interest @ floating rate linked with T-bill current period effective rate is Nil (31 March 2024 : 9.15% p.a.)

ii) WC/CL amounting to Nil (31 March 2024 : Nil) is repayable on demand carries interest @ floating rate linked with T-bill current period effective rate is Nil (March 31, 2024: 7.45% p.a.)

iii) EPC amounting to Rs. 2,023.29 million (31 March 2024 : 1,728.72 million) is repayable on demand carries interest @ floating rate linked with T-bill current period effective rate in the range of 5.14% - 5.78% p.a. (March 31, 2024: 5.18% - 5.54% p.a.)

b) Indian Rupee loans repayable on demand from NBFC

The parent company entered into factoring arrangements with recourse for its trade receivables with Tata Capital Financial Services Limited. As at 30th June 2024 the parent company had factoring facilities in place for trade receivables and amount of Nil (31 March 2024: ₹105.89 million) were realised by using these facilities against which the monies were yet to be collected by the financial institution from the parent company's customers. The parent company does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the parent company from the banks but yet to be collected by the financial institution from the parent company's customers.

(c) Undrawn borrowing facilities

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 30th June 2024	As at 31st March 2024
Expiring within one year (bank loans)	6,070.72	6,469.15
Expiring beyond one year (bank loans)		



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

7 Revenue from operations

	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
Sale of goods	8,626.32	7,057.88
Other operating revenue		
Scrap sales	188.05	175.13
Export incentive	92.26	75.62
Liabilities written back	0.00	0.00
Royalty income	-	0.34
Others	5.14	4.87
Total revenue from operations	8,911.77	7,313.84

8 Finance costs

	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
Interest on loans	34.80	31.71
Other borrowing costs	9.98	-
Other finance charges	4.13	2.69
Interest on lease liabilities	37.25	18.97
Total finance costs	86.16	53.37



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

9 Fair value measurements

a) Financial instruments by category

	As at 30th June 2024			As at 31st March 2024		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	6,035.55	-	-	6,482.63
Cash and bank balances	-	-	2,204.80	-	-	2,741.64
Other financial assets	-	-	110.39	-	-	117.66
Derivative financial assets	29.67	-	-	18.10	-	-
Investments	2,449.54	-	-	416.76	-	-
Total financial assets	2,479.20	-	8,350.74	434.87	-	9,341.93
Financial liabilities						
Borrowings	-	-	2,467.88	-	-	2,333.37
Trade payables	-	-	3,227.11	-	-	2,981.05
Other financial liabilities	-	-	1,471.93	-	-	1,551.96
Lease liabilities	-	-	1,720.26	-	-	1,790.75
Total financial liabilities	-	-	8,887.18	-	-	8,657.13

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, current investment, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets/liabilities into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
As at 30th June 2024			
Foreign exchange forward contracts- Assets	-	29.67	-
Investments- asset	2,335.18	114.36	-
Total financial assets	2,335.18	144.03	-
As at 31st March 2024			
Foreign exchange forward contracts- Assets	-	18.10	-
Investments - asset	416.76	-	-
Total financial assets	416.76	18.10	-

ii) Financial assets and liabilities:

	As at 30th June 2024	As at 31st March 2024
Financial assets		
Trade receivables	6,035.55	6,482.63
Cash and bank balances	2,204.80	2,741.64
Other financial assets	110.39	117.66
Total financial assets	8,350.74	9,341.93
Financial liabilities		
Borrowings	2,467.88	2,333.37
Trade payable	3,227.11	2,981.05
Other financial liability	1,471.93	1,551.96
Lease liabilities	1,720.26	1,790.75
Total financial liabilities	8,887.18	8,657.13

All financial assets and financial liabilities are recorded at amortized cost the details of which are given above.

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

10 Capital management

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

	As at 30th June 2024	As at 31st March 2024
Long term borrowings including current maturities (refer note 6)	438.07	486.75
Short term borrowings (refer note 6)	2,023.29	1,843.84
Cash and cash equivalents	(582.24)	(910.05)
Net debts *	1,879.12	1,420.53
Equity share capital	5,864.61	5,864.48
Other equity	22,142.48	20,638.80
Total equity	28,007.09	26,503.28
Net Gearing ratio	6.71%	5.36%

* Excluding lease liabilities

Dividends	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
Equity share		
Interim dividend of ₹ 1.28 per each 585,404,582 equity share	-	749.32
Final dividend of ₹ 0.77 per each 584,352,710 equity share	-	449.95
	-	1,199.27

In AGM dated 28th June 2024, shareholders have approved final dividend of Rs. 1.53 per equity share of the Company having face value of INR 10/- (Rupees Ten only) each, for the Financial Year ended on 31st March, 2024 and subsequently paid on 04th July 2024.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

11 Segment information

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

Information about geographical areas

"The Group's revenue disaggregated by primary geographical markets is as follows:

	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
India	3,292.40	2,612.47
Outside India	5,333.92	4,445.41
Total	8,626.32	7,057.88

Revenue outside India	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
North America	3,510.09	2,856.35
Europe	1,529.27	1,349.14
Asia (Excluding India)	282.61	207.97
Others	11.94	31.96
	5,333.92	4,445.41

Customers exceeding 10% of total revenue	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
No of customers exceeding 10% of total revenue	2	2
Total revenue of such customers (₹ million)	2,505.49	2,175.24

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets, Intangible assets under development and goodwill) are located into the following geographical regions:

	As at 30th June 2024	As at 31st March 2024
India	17,809.81	17,430.46
North America	644.29	654.90
Europe	4,706.26	4,734.64
Others	320.51	321.87
	23,480.88	23,141.87

12 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship

(i) The entity having substantial interest in the Company

Aureos Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)

(ii) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vadapalli Vikram Verma	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary

Non executive Directors

Mr. Sunjay Kapur	Chairman and Non-Executive Director
Mr. Prasan Abhaykumar Firodia	Independent director
Mr. Subbu Venkata Rama Behara	Independent director
Mr. Amit Dixit	Director
Mr. Ganesh Mani	Director (till 19th July, 2023)
Mrs. Sheelha Suri	Independent director
Mr. Jeffrey Mark Overly	Independent Director
Mrs. Manisha Girotra	Independent Director (w.e.f. 1st January, 2024)

Relative of KMP

Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta
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SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

(iii) Promoter Group

Rani Kapur - RK Family Trust
Raghuvanshi Investment Private Limited
Charu Sachdev
Jasbir Sachdev
Ashok Sachdev

(b) Details of transactions with related parties during the period

(i) Key Management Personnel

Transactions	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
Managerial remuneration		
Mr. Vivek Vikram Singh	4.89	4.55
Mr. Vadapalli Vikram Verma	4.64	4.39
Mr. Rohit Nanda	4.59	4.50
Mr. Ajay Pratap Singh	1.59	1.43
Mr. Sat Mohan Gupta	4.63	4.46
Remuneration to relative of KMP		
Mr. Tanay Gupta	3.41	2.61
Share based payment charged in profit and loss account		
Mr. Vivek Vikram Singh	13.91	0.75
Mr. Vadapalli Vikram Verma	8.85	0.54
Mr. Rohit Nanda	7.08	0.40
Mr. Ajay Pratap Singh	2.71	0.13
Mr. Sat Mohan Gupta	8.85	0.54
Mr. Tanay Gupta	0.32	-
Director Sitting Fee		
Mr. Prasan Abhaykumar Pirodha	0.01	0.07
Mr. B.V.R. Subbu	0.07	0.05
Mrs. Manisha Girotra	0.02	-
Mr. Jeffrey Mark Overly	0.07	0.06
Mrs. Shradha Suri	0.01	0.05
Commission		
Mr. Sunjay Kapur	6.00	6.00

Note-1 The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between 05th April, 2024 and 22nd April, 2024 (Previous period 28th April, 2023 and 12th May, 2023) . There is however no financial impact of such payments on the Company.

(c) Details of balances with related parties at period end

(i) Key Management Personnel

Balances as at period end	As at 30th June 2024	As at 31st March 2024
Payables		
Mr. Vivek Vikram Singh	-	15.98
Mr. Rohit Nanda	-	10.50
Mr. Vadapalli Vikram Verma	-	15.13
Mr. Ajay Pratap Singh	-	3.49
Mr. Sat Mohan Gupta	-	7.49
Mr. Tanay Gupta	1.14	0.18

Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

13 Earnings per share

	For the three month period ended 30th June 2024	For the three month period ended 30th June 2023
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	1,419.53	1,120.35
Total number of equity shares at the beginning of the year	586,447,778	585,404,582
Issue of shares	12,768	11,000
Total number of equity shares at the end of period	586,460,546	585,415,582
Effect of exercise of share options	54,768	564,492
Total number of equity shares (including options) at the end of period	586,515,314	585,980,074
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	586,456,337	585,411,593
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	586,456,337	585,411,593
Effect of exercise of share options	54,768	564,492
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	586,511,105	585,976,085
Nominal Value per share (in ₹)	10.00	10.00
(a) Basic earnings per share (in ₹)	2.42	1.91
(b) Diluted earnings per share (in ₹)	2.42	1.91



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

14 Business Combinations

The Company had acquired 54% stake (representing 54% voting interest) of Novelic d.o.o., world's leading self-sustaining provider of mmWave radar sensors, perception solutions, and full stack embedded systems on 6th September 2023. With NOVELIC's capabilities in sensors and perception solutions, Sona Comstar intends to expand in the area of ADAS and intelligent vehicle technologies. Further amount of goodwill (as stated below) has been recognised on account of gaining business synergies resulting out of this acquisition.

The Company allocated purchase price in accordance with Ind AS 103 on business combinations. The fair value of net assets acquired was determined based on an appraisal of such net assets determined by an external expert on behalf of the management.

Particulars	Amount
Cash paid to Founders	2,109.62
Cash paid to Company	37.70
Payable to Founders (Present value)	748.46
Payable to Company (Present value)	610.59
Total purchase consideration	3,506.37
Cash and cash equivalents acquired	15.73
Net purchase consideration (A)	3,490.65
Net Assets acquired	1,283.26
Intangible assets	535.54
Intangible assets under development	1,740.50
Non controlling interest	(1,487.46)
Deferred tax (net)	(341.41)
Net assets acquired (B)	1,730.43
Goodwill including assembled workforce(A-B)	1,760.22

Note:

a) Customer relationships amounting to ₹ 187.44 million has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 28.12 million is also recognized and same will be amortised over 5 years.

b) Intangible assets amounting to ₹ 348.10 million has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 32.21 million is also recognized and same will be amortised over 15 years.

c) Intangible assets under development amounting to ₹ 1,740.50 million has been identified as a part of purchase price allocation.

d) Net assets acquired includes Right-of-use assets (₹ 225.88 million), Intangible assets under development (₹ 397.96 million) and Lease liabilities (₹ 231.59 million).

e) Amount of non controlling interest has been derived through fair valuation of net assets acquired by the entity which was based on an appraisal of such net assets determined by an external expert on behalf of the management.

The results of subsidiary, after elimination of inter company transactions and balances, as included in the consolidated statement of profit and loss for the period 6th September 2023 to 31 March, 2024 are given below :

Total Revenue	484.31
Total Expenses	467.26
Profit before tax	17.05
Tax	(11.38)
Profit after tax	28.43
Total comprehensive income	39.77

Had the above acquisitions occurred on 1 April 2023, management estimates that consolidated revenue would have been ₹ 32,170.71 million, the consolidated profits for the year ended 31 March 2024 would not have been significantly different from the actuals reported.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the unaudited condensed interim consolidated financial statements for the period ended 30th June 2024

(Figures in Million ₹, unless stated otherwise)

15 Contingent liabilities

	As at 30th June 2024	As at 31st March 2024
a) Claims against the Company not acknowledged as debts		
i) Service tax		
Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47
ii) Income Tax *		
Cases pending before Transfer pricing officer (AY-2013-14)	2.12	2.12
Cases pending before Transfer pricing officer (AY-2016-17)	2.80	2.74
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	92.55	90.85
Demand raised by AO for which company intend to file appeal with CIT - Appeal for AY 2018-19	7.65	7.15
(iii) Central Excise Act, 1944		
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals. (FY 2014-15 to FY 2017-18)	0.61	0.61
(iv) Goods and Services tax Act		
Writ petition filed before high court***	281.97	281.97

*Amount paid under protest of ₹ 17.47 million (31 March 2024: ₹ 17.47 million)

** Total disputed amount of the case is ₹ 101.18 million(31 March 2024:₹ 99.48 million) (including interest liability) out of which ₹ 8.63 million (31 March 2024:₹ 8.63 million) (including interest liability) has been provided as a provision and balance amount is being disclosed as a contingent liability.

*** Writ Petition challenging vires of Rule 96(10) of CGST Rules 2017. Based on professional advice, the Company believes that the case will be decided in their favour and hence no provision has been considered.

As hearing date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made. Moreover no monetary claim was filed or is pending.

c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Group are as under :

Particulars	As at 30th June 2024	As at 31st March 2024
Export obligation pending	2,608.21	2,684.22

16 Commitments

(a) Capital commitments

	As at 30th June 2024	As at 31st March 2024
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	1,782.53	1,597.56
	1,782.53	1,597.56

17 Exceptional item:

The Company had completed the acquisition of 54% voting rights in Novelic d.o.o. on 6th September 2023, through acquisition of 51% voting rights from the existing shareholders and 3% voting rights as a result of capital infusion in Novelic d.o.o., as per the Share purchase agreement and shareholder agreement. The exceptional item is related to diligence work and other expenses incurred on for the said acquisition.

18 Subsequent events after the reporting period

In Board Meeting held on 24th July 2023, board had approved for raising of funds of upto ₹ 24,000.00 million in one or more tranches by issue of equity shares and/or any other instruments or eligible securities representing either equity shares and/or convertible securities linked to equity shares or through any other permissible mode or a combination thereof, by way of further public issue, debt issue, preferential allotment, private placement, qualified institutions placement ("QIP"), or any other method in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, and other applicable law, if any, to such investors that may be permitted to invest in such issuance of securities, as deemed appropriate. The said resolution was approved by shareholders through postal ballot dated 30th August, 2024.

19. The unaudited condensed interim consolidated financial statements were approved for issue by Board of Directors on September 03, 2024.



The accompanying policies and notes are an integral part of the unaudited condensed interim consolidated financial statements.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon
Arun Tandon
Partner
Membership No: 517273



Place: New Delhi

Date: *September 03, 2024*

For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. Kapur
Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Rohit Nanda
Rohit Nanda
Group Chief Financial Officer



Vivek Vilgram Singh
Vivek Vilgram Singh
Managing Director and
Group Chief Executive Officer
DIN: 00698493

Ajay Pratap Singh
Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: Gurgaon

Date: *September 03, 2024*

Walker Chandiook & Co LLP
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II,
Gurugram - 122 002
Haryana, India
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F +91 124 462 8001

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Sona BLW Precision Forgings Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended 30 June 2024 and the consolidated year to date results for the period 01 April 2024 to 30 June 2024 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the Listing Regulation, to the extent applicable.



Chartered Accountants

Offices in Ahmedabad, Bengaluru, Chandigarh, Chennai, Dehradun, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Nozda and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

Walker Chandiook & Co LLP

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review report of the other auditor referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the financial results of five subsidiaries included in the Statement, whose financial information reflects total revenues of ₹ 194.96 million, total net profit after tax of ₹ 2.21 million, total comprehensive income of ₹ (4.89) million, for the quarter ended on 30 June 2024, as considered in the Statement. These financial results have been reviewed by other auditor whose review report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

Further, all the aforesaid subsidiaries are located outside India, whose financial results have been prepared in accordance with group accounting principles and which have been reviewed by other auditor under International Standards on Review Engagements 2410, review of Interim Financial Information Performed by the Independent Auditor of the Entity applicable in their respective countries. Our conclusion, in so far as it relates to the balances and affairs of these subsidiaries is based on the review report of other auditor.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the report of the other auditor.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

**ARUN
TANDON**

Digitally signed by
ARUN TANDON
Date: 2024.07.24
13:30:32 +05'30'

Arun Tandon

Partner

Membership No. 517273

UDIN: 24517273BKEXHK8530



Place: New Delhi

Date: 24 July 2024

Chartered Accountants

Walker Chandniok & Co LLP

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

Annexure 1

List of entities included in the Statement

S.No. Name of the holding Company

1. Sona BLW Precisions Forgings Limited

Name of subsidiaries

1	Comstar Automotive Technologies Services Private Limited
2	Comstar Automotive USA LLC
3	Comstar Automotive Hongkong Limited
4	Comestel Automotive Technologies Mexicana Ltd
5	Comstar Automotive (Hangzhou) Co., Ltd
6	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V
7	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
8	Comstar Hong Kong Mexico No. 1, LLC
9	Sona Comstar eDrive Private Limited
10	Sona BLW eDrive Mexicana, S.A.P.I. DE C.V
11	NOVELIC d.o.o. Beograd*
12	NIRSEN SRL*
13	NOVELIC ESC DOOEL SKOPJE*
14	NIRSEN D.O.O.*
15	Novelic GMBH **



* acquired as on 06 September 2023

** incorporated as on 20 June 2024

SONA BLW PRECISION FORGINGS LIMITED

Registered and Corporate Office: Sona Enclave Village, Begumpur Khatola, Sector 35, Gurugram, Haryana – 122004, India

Telephone: +91 0124 476 8200 E-mail: investor@sonacomstar.com Website: www.sonacomstar.com CIN: L27300HR1995PLC083037

Consolidated Statement of Profit & Loss for the quarter ended 30th June 2024

(Figures in Million ₹, except per share data, unless stated otherwise)

Particulars	Quarter ended			Year ended
	30th June 2024	31st March 2024	30th June 2023	31st March 2024
	(Unaudited)	(Unaudited) (refer note 1)	(Unaudited)	(Audited)
Income				
Revenue from operations	8,911.77	8,841.25	7,313.84	31,847.70
Foreign exchange gain/(loss) (net)	18.56	11.44	7.85	0.12
Other income	69.57	74.65	53.63	239.48
Total income	8,999.90	8,927.34	7,375.32	32,087.30
Expenses				
Cost of materials consumed	3,824.21	3,872.18	3,237.16	14,058.29
Changes in inventories of finished goods and work-in-progress	(36.40)	(13.84)	(84.30)	(316.94)
Employee benefits expense	760.59	727.79	491.33	2,501.34
Finance costs	86.16	71.18	53.37	257.98
Depreciation and amortisation expense	606.27	598.45	510.56	2,202.25
Other expenses	1,870.32	1,785.35	1,643.71	6,584.16
Total expenses	7,111.15	7,041.11	5,851.83	25,287.08
Profit before exceptional items and tax	1,888.75	1,886.23	1,523.49	6,800.21
Exceptional item (Refer Note No. 3)	-	-	28.43	87.16
Profit before tax	1,888.75	1,886.23	1,495.06	6,713.05
Tax expense				
- Current tax	483.52	439.12	372.79	1,566.51
- Tax related to previous years	-	(27.98)	0.06	(27.91)
- Deferred tax (credit)/ charge	(11.91)	(5.72)	1.85	(3.30)
Total tax expense	471.61	405.42	374.71	1,535.30
Profit for the period/year	1,417.14	1,480.81	1,120.35	5,177.75
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	-
Remeasurements gains/ (losses) on defined benefit plans	(5.86)	(25.12)	0.57	(23.37)
Income tax relating to above mentioned items	1.48	6.33	(0.15)	5.89
Exchange differences on translation of foreign operations	(33.01)	(38.55)	2.15	36.61
<i>Items that will be reclassified to profit or loss</i>				
Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge	30.71	14.60	51.60	11.75
Income tax relating to above mentioned items	(0.93)	(3.69)	(13.04)	(2.96)
Other comprehensive income for the period/ year	(7.61)	(46.43)	41.13	27.92
Total comprehensive income for the period/ year	1,409.53	1,434.38	1,161.48	5,205.67
Profit attributable to:				
a) Owners of the parent	1,419.53	1,486.77	1,120.35	5,172.66
b) Non-controlling interests	(2.39)	(5.96)	-	5.09
Other comprehensive income attributable to:				
a) Owners of the parent	(4.34)	(24.82)	41.13	22.70
b) Non-controlling interests	(3.27)	(21.61)	-	5.22
Total comprehensive income attributable to:				
a) Owners of the parent	1,415.18	1,461.95	1,161.48	5,195.36
b) Non-controlling interests	(5.65)	(27.57)	-	10.31
Paid up equity share capital (Face value: Rs. 10 per share)	5,864.61	5,864.48	5,854.16	5,864.48
Total reserves				20,638.80
Earnings per equity share of face value of ₹ 10 each (not annualised)				
Earnings per share (Basic) (in ₹)	2.42	2.42	2.42	8.83
Earnings per share (Diluted) (in ₹)	2.42	2.42	2.42	8.83

(See accompanying notes to the financial results)



SONA BLW PRECISION FORGINGS LIMITED

Registered and Corporate Office: Sona Enclave Village, Begumpur Khatola, Sector 35, Gurugram, Haryana – 122004, India

Telephone: +91 0124 476 8200 E-mail: investor@sonacomstar.com Website: www.sonacomstar.com CIN: L27300HR1995PLC083037

Notes to consolidated financial results for the quarter ended 30th June 2024

(Figures in Million ₹, except per share data, unless stated otherwise)

Notes:

- 1 The Unaudited Financial Results of the Group for the quarter ended June 30, 2024 ("UFR") have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, as amended and read with relevant rules thereunder. In terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) 2015, this Statement of UFR of the Group has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meeting held on July 24, 2024. The figures for the quarter ended March 31, 2024 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2024 and published year to date figures up to the third quarter ended December 31, 2023.
- 2 The Company had completed the acquisition of 54% share capital and voting rights in NOVELIC on 4 September 2023, through acquisition 51% of its share capital and voting rights from the existing shareholders and 3% of the share capital and voting rights as a result of capital infusion in NOVELIC, as per the Share purchase agreement and shareholder agreement. Total consideration is Euro 40.097 million (INR 3,577.97 million) payable under a deferred payment mechanism in three tranches, 60% paid dated 06 September 2023 to the existing shareholders and 11 September 2023 to NOVELIC and remaining 40% in 2 yearly tranches of 20% each, as per the Share purchase agreement and shareholder agreement.

3 Exceptional Items

Particulars	Quarter ended			Year ended
	30th June 2024	31st March 2024	30th June 2023	31st March 2024
	(Unaudited)	(Unaudited) (refer note 1)	(Unaudited)	(Audited)
Related to NOVELIC acquisition (Refer note 2)	-	-	28.43	87.16

- 4 In AGM dated 28th June 2024, shareholders have approved final dividend of Rs. 1.53 per equity share of the Company having face value of INR 10/- (Rupees Ten only) each, for the Financial Year ended on 31st March, 2024.
- 5 The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (ERI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Company pursuant to which Singapore VII made payment of awards to such identified employees between 5th April, 2024 and 22nd April, 2024. There is however no impact of such payments on the Company's financials.
- 6 The Group operates in a single reportable business segment, "Automotive Components".
- 7 The previous year numbers have been regrouped/rearranged wherever considered necessary to conform with those of current year presentation. The impact of such reclassification/regrouping is not material to the financial statements.

For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED



(Handwritten signature)

Vivek Vikram Singh
Managing Director and Group Chief Executive Officer
DIN: 07698495

Place: Gurugram
Date: July 24, 2024

Walker ChandioK & Co LLP
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II,
Gurugram - 122 002
Haryana, India
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Independent Auditor's Review Report on Unaudited Special Purpose Interim Consolidated Financial Statements of the Sona BLW Precision Forgings Limited for the quarter ended 30 June 2023

To the Board of Directors of Sona BLW Precision Forgings Limited

Introduction

1. We have reviewed the accompanying unaudited special purpose interim consolidated financial statements of Sona BLW Precision Forgings Limited and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the unaudited special purpose interim consolidated financial statements), which comprise the Unaudited Special Purpose Interim Consolidated Balance Sheet as at 30 June 2023, the Unaudited Special Purpose Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Unaudited Special Purpose Interim Consolidated Statement of Cash Flows, the Unaudited Special Purpose Interim Consolidated Statement of Changes in Equity for the quarter then ended, and other explanatory information (together hereinafter referred to as the "Unaudited Special Purpose Interim Consolidated Financial Statements"). The Holding Company's management is responsible for the preparation and presentation of these Unaudited Special Purpose Interim Consolidated Financial Statements in accordance with the basis of preparation stated in Note 2 to the accompanying Unaudited Special Purpose Interim Consolidated Financial Statements which has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Unaudited Special Purpose Interim Consolidated Financial Statements based on our review.

Scope of Review

2. We conducted our review of the Unaudited Special Purpose Interim Consolidated Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act 2013 (the "Act") and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Walker Chandiook & Co LLP

Independent Auditor's Review Report on Unaudited Special Purpose Interim Consolidated Financial Statements of the Sona BLW Precision Forgings Limited for the quarter ended 30 June 2023 (Cont'd)

Conclusion

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Special Purpose Interim Consolidated Financial Statements are not prepared, in all material aspects, in accordance with the basis of preparation described in Note 2 to the Unaudited Special Purpose Interim Consolidated Financial Statements.

Emphasis of matter- Basis of Preparation and Restriction on Distribution or Use

4. We draw attention to Note 2 to the accompanying Unaudited Special Purpose Interim Consolidated Financial Statements, which describes the basis of its preparation. The Unaudited Special Purpose Interim Consolidated Financial Statements have been prepared by the Holding Company's Management for the purpose of its inclusion as comparative financial information in Unaudited Condensed Interim Consolidated Financial Statements of the Group for the quarter ended 30 June 2024, and for the purpose of including in the Holding Company's Preliminary Placement Document/Placement Document to be filed for the proposed offering of equity shares by the Holding Company through Qualified Institutional Placement as approved by the Board of Directors in their meeting dated 24 July 2024 and therefore, it may not be suitable for any other purpose. This review report is issued solely for the aforementioned purpose, and accordingly should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this review report is shown or into whose hands it may come without our prior consent in writing. Our conclusion is not modified in respect of this matter.

Other Matter

5. The Holding Company had prepared separate set of consolidated financial information for the quarter ended 30 June 2023 in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), on which we had expressed an unmodified conclusion vide our review report dated 27 July 2023 to the Board of Directors of the Holding Company. Our conclusion is not modified in respect of this matter.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013



Arun Tandon
Partner
Membership No. 517273
UDIN: 24517273BKEXIO3275



Place: New Delhi
Date: 03 September 2024

Walker ChandioK & Co LLP

Independent Auditor's Review Report on Unaudited Special Purpose Interim Consolidated Financial Statements of the Sona BLW Precision Forgings Limited for the quarter ended 30 June 2023 (Cont'd)

Annexure 1

List of entities included in the Unaudited Special Purpose Interim Consolidated Financial Statements

S.no.	Name of the holding Company
1	Sona BLW Precisions Forgings Limited
	Name of subsidiaries
1	Comstar Automotive Technologies Services Private Limited
2	Comstar Automotive USA LLC
3	Comstar Automotive Hongkong Limited
4	Comestel Automotive Technologies Mexicana Ltd
5	Comstar Automotive (Hangzhou) Co., Ltd
6	Comenergja Automotive Technologies Mexicana, S. DE R.L. DE C.V
7	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V
8	Comstar Hong Kong Mexico No. 1, LLC
9	Sona Comstar eDrive Private Limited



SONA BLW PRECISION FORGINGS LIMITED

Unaudited Special Purpose Interim Consolidated Balance Sheet as at 30th June 2023

(Figures in Million ₹, unless stated otherwise)

Particulars	As at 30th June 2023
ASSETS	
Non-current assets	
Property, plant and equipment	8,283.16
Right-of-use assets	1,414.07
Capital work-in-progress	838.74
Goodwill	1,758.09
Other intangible assets	4,343.40
Intangible assets under development	259.93
Financial assets	
(i) Investments	44.86
(ii) Other financial assets	80.25
Income tax assets (net)	130.48
Other non-current assets	271.21
Total non-current assets	17,424.20
Current assets	
Inventories	3,187.36
Financial assets	
(i) Investments	2,713.86
(ii) Trade receivables	5,870.09
(iii) Cash and cash equivalents	574.94
(iv) Bank balances other than (iii) above	912.47
(v) Other financial assets	21.66
Other current assets	960.74
Total current assets	14,241.14
Total assets	31,665.34
EQUITY AND LIABILITIES	
Equity	
Equity share capital	5,854.16
Other equity	18,214.09
Total equity	24,068.25
LIABILITIES	
Non-current liabilities	
Financial liabilities	
(i) Borrowings	438.07
(ii) Lease liabilities	718.24
(iii) Other financial liabilities	1.74
Provisions	179.14
Deferred tax liabilities (net)	882.32
Total non-current liabilities	2,219.51



SOMA BLW PRECISION FORGINGS LIMITED
Unaudited Special Purpose Interim Consolidated Balance Sheet as at 30th June 2023
(Figures in Million ₹, unless stated otherwise)

Particulars	As at 30th June 2023
Current liabilities	
Financial liabilities	
(i) Borrowings	1,993.81
(ii) Lease liabilities	48.15
(iii) Trade payables	
-Total outstanding dues of micro enterprises and small enterprises	374.21
-Total outstanding dues of creditors other than micro enterprises	2,108.45
(iv) Other financial liabilities	361.03
Other current liabilities	267.15
Provisions	79.68
Current tax liabilities (net)	145.09
Total current liabilities	5,377.58
Total liabilities	7,597.09
Total equity and liabilities	31,665.34

The accompanying policies and notes are an integral part of the unaudited special purpose interim consolidated financial statements.

1 of 9

This is the unaudited special purpose interim consolidated balance sheet referred to in our report of even date.

For Walker Chandiook & Co LLP
 Chartered Accountants
 Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
 Partner
 Membership No: 517273



For and on behalf of the Board of Directors of
SOMA BLW PRECISION FORGINGS LIMITED

S. Kapur

Sunjay Kapur
 Non Executive Chairman
 DIN: 00145529

Rohit Nanda
 Group Chief Financial Officer

Vivek Vikram Singh

Vivek Vikram Singh
 Managing Director and
 Group Chief Executive Officer
 DIN: 07698495

Ajay Pratap Singh

Ajay Pratap Singh
 Company Secretary
 M.No. - FCS-5253

Place: New Delhi

Date: *September 03, 2024*

Place: Gurugram

Date: *September 03, 2024*

SONA BLW PRECISION FORGINGS LIMITED

Unaudited Special Purpose Interim Consolidated Statement of Profit and Loss for three months period ended 30th June 2023

(Figures in Million ₹, unless stated otherwise)

Particulars	Notes	For the three month period ended 30th June 2023
Income		
Revenue from operations	3	7,313.84
Foreign exchange gain (net)		7.85
Other income		53.63
Total income		7,375.32
Expenses		
Cost of materials consumed		3,237.16
Changes in inventories of finished goods and work-in-progress		(84.30)
Employee benefits expense		491.33
Finance costs	4	53.37
Depreciation and amortisation expense		510.56
Other expenses		1,643.71
Total expenses		5,851.83
Profit before exceptional items and tax		1,523.49
Exceptional item		28.43
Profit before tax		1,495.06
Tax expense		
- Current tax		372.79
- Tax related to previous periods		0.06
- Deferred tax charge		1.85
Total tax expense		374.71
Profit for the period		1,120.35
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Charges in fair values of equity instruments carried at fair value through other comprehensive income		0.57
Remeasurements of defined benefit obligations		(0.15)
Income tax relating to above mentioned item		(0.15)
<i>Items that will be reclassified to profit or loss</i>		
Exchange difference on translation of foreign subsidiaries		2.15
Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		51.60
Income tax relating to above mentioned item		(13.04)
Other comprehensive income for the period		41.13
Total comprehensive income for the period		1,161.48
Earnings per equity share of face value of ₹ 10 each		
Earnings per share (Basic) (in ₹)	7	1.91
Earnings per share (Diluted) (in ₹)	7	1.91

The accompanying policies and notes are an integral part of the unaudited special purpose interim consolidated financial statements.

This is the unaudited special purpose interim consolidated statement of profit and loss referred to in our report of even date.

For Walker Chandioik & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon
Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. O. Kapur
Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda
Rohit Nanda
Group Chief Financial Officer

Vivek Vikram Singh
Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 03698495

Ajay Pratap Singh
Ajay Pratap Singh
Company Secretary
M.No. - FC3-5253

Place: New Delhi

Date: September 03, 2024

Place: Gurgaon

Date: September 03, 2024

SONA BLW PRECISION FORGINGS LIMITED

Unaudited Special Purpose Interim Consolidated Cash Flow Statement three month period ended 30th June 2023

(Figures in Million ₹, unless stated otherwise)

Particulars	For the three month period ended 30th June 2023
A. Cash flows from operating activities	
Profit before income tax	1,495.06
<i>Adjustments for:</i>	
Depreciation and amortisation expense	510.56
Loss on sale of property plant and equipment (net)	1.11
Share based payments	4.35
Unwinding of discount on fair valuation of security deposits	(0.35)
Provision for warranty	5.61
Provision for slow moving inventory	0.31
Fair value loss on derivatives	(72.13)
Finance costs	51.92
Interest income	(52.48)
Unrealised foreign exchange (gain)/ loss	20.62
Operating profit before working capital changes	1,964.58
Changes in working capital	
Movement in inventories	42.22
Movement in trade receivables	185.51
Movement in financial assets	(6.44)
Movement in other assets	(248.96)
Movement in trade payable	(8.41)
Movement in financial liabilities	(17.56)
Movement in provision	15.13
Movement in other liabilities	20.93
Cash generated from operations	1,947.00
Direct taxes paid	(203.00)
Net cash flow generated from operating activities - Total (A)	1,744.00
B. Cash flows from investing activities	
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(768.35)
Proceeds from sale of property, plant and equipment	0.34
Fixed deposits created during the period	(1,425.38)
Fixed deposits matured during the period	775.05
Sale/(Purchase) of current investment (net)	(431.42)
Interest received	46.33
Net cash (used) in investment activities - Total (B)	(1,803.23)
C. Cash flows from financing activities	
Proceeds/(Repayment) from short term borrowings, net	268.75
Repayment of long term borrowings	(6.25)
Repayment of lease liabilities	(11.82)
Interest paid on lease liabilities	(18.97)
Net proceeds from issue of equity shares	0.42
Interest paid	(33.55)
Net cash flow from/(used) in financing activities - Total (C)	198.58



SONA BLW PRECISION FORGINGS LIMITED

Unaudited Special Purpose Interim Consolidated Cash Flow Statement three month period ended 30th June 2023

(Figures in Millions ₹, unless stated otherwise)

Particulars	For the three month period ended 30th June 2023
D Net increase in cash and cash equivalents (A)+(B)+(C)	139.35
E. Cash and cash equivalents at the beginning of the period	441.08
F. Effect of exchange differences on cash and cash equivalents	(5.50)
G. Cash and cash equivalents at the end of the period (D)+(E)	574.94

The accompanying policies and notes are an integral part of the unaudited special purpose interim consolidated financial statements.

1 to 9

This is the unaudited special purpose interim consolidated statement of cash flows referred to in our report of even date.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. Kapur

Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda

Rohit Nanda
Group Chief Financial Officer

Vivek Vikram Singh

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07693495

Ajay Pratap Singh

Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi

Date: *September 03, 2024*

Place: Gurugram

Date: *September 03, 2024*

SONA BLW PRECISION FORGINGS LIMITED

Unaudited Special Purpose Interim Consolidated Statement of Changes in Equity for three month period ended 30th June 2023
(Figures in Million ₹, unless stated otherwise)

A. Equity share capital

Particulars	Amount
Balance as at 31 March 2023	5,854.05
Equity share issued during the period	0.11
Balance as at 30 June 2023	5,854.16

B. Other equity

Particulars	Reserve and Surplus					Equity instruments through other comprehensive income	Cash Flow hedge reserve	Foreign currency translation reserve	Merger Reserve	Total
	General reserve	Securities premium	Capital redemption reserve	Employee's stock options reserve	Retained earnings					
Balance as at 1 April 2023	120.00	5,601.48	25.93	66.03	10,713.07	(368.33)	12.78	158.97	737.23	17,047.93
Net profit for the period	-	-	-	-	1,120.85	-	-	-	-	1,120.85
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge (net of tax)	-	-	-	-	-	-	38.50	-	-	38.50
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	0.42	-	-	-	-	0.42
Employee stock option reserve created during the period	-	-	-	4.35	-	-	-	-	-	4.35
Impact on exercise of ESOPs grants	-	0.51	-	(0.51)	-	-	-	-	-	-
Premium on ESOPs issue	-	0.31	-	-	-	-	-	-	-	0.31
Foreign currency translation change during the period	-	-	-	-	-	-	-	2.15	-	2.15
Balance as at 30 June 2023	120.00	5,603.30	25.93	49.87	11,834.05	(368.33)	51.34	161.12	737.23	18,214.10

The accompanying policies and notes are an integral part of the unaudited special purpose interim consolidated financial statements.

This is the unaudited special purpose interim consolidated statement of changes in equity referred to in our report of even date.

For Walker Chandioik & Co LLP
Chartered Accountants
Firm Registration No. : 0010798/N/S/00013

Arjun Tandon
Arjun Tandon
Partner
Membership No: 517273



S. Kapur
Sunjay Kapur
Non-Executive Chairman
DIN: 00145529

Rohit Nanda
Rohit Nanda
Group Chief Financial Officer

For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

Vivek Vikram Singh
Vivek Vikram Singh
Managing Director and Group Chief Executive Officer

Ajay Pratap Singh
Ajay Pratap Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi

Date: September 03, 2024

Place: Gurgaon

Date: September 03, 2024

SONA BLW PRECISION FORGINGS LIMITED

Notes to the Unaudited Special Purpose Interim Consolidated Financial statements for three months period ended 30th June 2023

1 Group overview

Sona BLW Precision Forgings Limited (the "Parent Company" or the "Company"), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as "the Group") are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications.

2 Basis of preparation

The Unaudited Special Purpose Interim Consolidated Financial Statements of Sona BLW Precision Forgings Limited and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") consisting of the Unaudited Special Purpose Interim Consolidated Balance Sheet as at 30 June 2023, the Unaudited Special Purpose Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Unaudited Special Purpose Interim Consolidated Statement of Cash Flows, the Unaudited Special Purpose Interim Consolidated Statement of Changes in Equity for the quarter then ended, and other explanatory information (together hereinafter referred to as the "Unaudited Special Purpose Interim Consolidated Financial Statements"), have been prepared in accordance with the recognition and measurement principles of the Indian Accounting Standards ("Ind AS") 34, 'Interim Financial Reporting' prescribed under section 135 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India.

However, the comparative financial information along with other disclosures which are considered not relevant for the intended purpose have not been provided in these Unaudited Special Purpose Interim Consolidated Financial Statements and hence, the presentation and disclosure requirements otherwise required as per the applicable financial reporting framework have not been complied with in entirety. The Unaudited Special Purpose Interim Consolidated Financial Statements have been prepared by the Holding Company's Management for the purpose its inclusion as comparative financial information in the Unaudited Condensed Interim Consolidated Financial Statements of the Group for the quarter ended 30 June 2024 which is to be included in the Holding Company's Preliminary Placement Document/Placement Document to be filed for the purpose of proposed offering of equity shares by the Holding Company through Qualified Institutional Placement as approved by the Board of Directors in their meeting dated DD Month YYYY. Accordingly, such Unaudited Special Purpose Interim Consolidated Financial Statements may not be suitable for any other purpose.

The accounting policies adopted in the preparation of Unaudited Special Purpose Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended March 31, 2023.

Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in financial position and performance since the last annual audited consolidated financial statements. These Unaudited Special Purpose Interim Consolidated Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2023.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the Unaudited Special Purpose Interim Consolidated Financial statements for three months period ended 30th June 2023

(Figures in Million ₹, unless stated otherwise)

3 Revenue from operations	For the three month period ended 30th June 2023
Sale of goods	7,057.88
Other operating revenue	
Scrap sales	175.13
Export incentive	75.62
Liabilities written back	0.00
Royalty income	0.34
Others	4.87
Total revenue from operations	7,313.84
4 Finance costs	For the three month period ended 30th June 2023
Interest on loans	31.71
Bank and other finance charges	2.69
Interest on lease liabilities	18.97
Total finance costs	53.37



SONA BLW PRECISION FORGINGS LIMITED

Notes to the Unaudited Special Purpose Interim Consolidated Financial statements for three months period ended 30th June 2023

(Figures in Million ₹, unless stated otherwise)

5 Segment information

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

Information about geographical areas

The Group's revenue disaggregated by primary geographical markets is as follows:

	For the three month period ended 30th June 2023
India	2,612.47
Outside India	4,445.41
Total	7,057.88

Revenue outside India	For the three month period ended 30th June 2023
North America	2,856.35
Europe	1,349.14
Asia (Excluding India)	207.97
Others	31.96
	4,445.41

Customers exceeding 10% of total revenue	For the three month period ended 30th June 2023
No of customers exceeding 10% of total revenue	2
Total revenue of such customers (₹ million)	2,175.24

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets, Intangible assets under development and goodwill) are located into the following geographical regions:

	As at 30th June 2023
India	17,430.46
North America	654.90
Asia (Excluding India)	4,734.64
Others	321.87
	23,141.87

6 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(a) Names of related parties and nature of relationship

(i) The entity having substantial interest in the Company

Aureus Investment Private Limited (formerly known as Sona Autocomp Holding Private Limited)

(ii) Key Management Personnel

Name	Designation
Mr. Vivek Vikram Singh	Managing Director & Group CEO
Mr. Vadapalli Vikram Verma	Chief Executive Officer (Driveline Business)
Mr. Sat Mohan Gupta	Chief Executive Officer (Motor business)
Mr. Rohit Nanda	Group Chief Financial Officer
Mr. Ajay Pratap Singh	Vice President (Legal) & Company Secretary



SONA BLW PRECISION FORGINGS LIMITED

Notes to the Unaudited Special Purpose Interim Consolidated Financial statements for three months period ended 30th June 2023

(Figures in Million ₹, unless stated otherwise)

Non executive Directors

Mr. Sunjay Kapur	Chairman and Non-Executive Director
Mr. Prasan Abhaykumar Firodia	Independent director
Mr. Subbu Venkata Rama Behara	Independent director
Mr. Amit Dixit	Director
Mr. Ganesh Mani	Director
Mrs. Shradha Suri	Independent director
Mr. Jeffrey Mark Overly	Independent Director
Mrs. Dipti Mehta	Independent Director

Relative of KMP

Mr. Tanay Gupta	Son of Mr. Sat Mohan Gupta
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(iii) Promoter Group

Rani Kapur - RK Family Trust
Raghuvanshi Investment Private Limited
Charu Sachdev
Jasbir Sachdev
Ashok Sachdev

(b) Details of transactions with related parties during the period

(i) Key Management Personnel

Transactions	For the three month period ended 30th June 2023
Managerial remuneration	
Mr. Vivek Vikram Singh	4.55
Mr. Vadapalli Vikram Verma	4.39
Mr. Rohit Nanda	4.50
Mr. Ajay Pratap Singh	1.43
Mr. Sat Mohan Gupta	4.46
Remuneration to relative of KMP	
Mr. Tanay Gupta	2.61
Share based payment charged in profit and loss account	
Mr. Vivek Vikram Singh	0.75
Mr. Vadapalli Vikram Verma	0.54
Mr. Rohit Nanda	0.40
Mr. Ajay Pratap Singh	0.13
Mr. Sat Mohan Gupta	0.54
Director Sitting Fee	
Mr. Prasan Abhaykumar Firodia	0.07
Mr. B.V.R. Subbu	0.05
Mr. Jeffrey Mark Overly	0.06
Mrs. Shradha Suri	0.05
Commission	
Mr. Sunjay Kapur	6.00

* The shareholders, in the Annual General Meeting (AGM) held on 9th September 2021 had approved the Exit Return Incentive (FRI) Plan for payment of awards by Singapore VII Topco III PTE. Ltd. (Singapore VII) to certain identified employees of the Group. Accordingly, Singapore VII has made payment of awards to such identified employees between 28th April, 2023 and 12th May 2023. There is however no financial impact of such payments on the Company.

All the transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the Unaudited Special Purpose Interim Consolidated Financial statements for three months period ended 30th June 2023

(Figures in Million ₹, unless stated otherwise)

7 Earnings per share

	For the three month period ended 30th June 2023
Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)	1,120.35
Total number of equity shares at the beginning of the year	585,404,582
Issue of shares	11,000
Total number of equity shares at the end of the period	585,415,582
Effect of exercise of share options	564,492
Total number of equity shares (including options) at the end of the period	585,980,074
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	585,411,593
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	585,411,593
Effect of exercise of share options	564,492
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)	585,976,085
Nominal Value per share (in ₹)	10.00
(a) Basic earnings per share (in ₹)	1.91
(b) Diluted earnings per share (in ₹)	1.91

8 Exceptional item:

The Company has completed the acquisition of 54% voting rights in Novellic d.o.o. on 6th September 2023, through acquisition of 51% voting rights from the existing shareholders and 3% voting rights as a result of capital infusion in Novellic d.o.o., as per the Share purchase agreement and shareholder agreement. The exceptional item is related to diligence work and other expenses incurred on for the said acquisition.

9 The unaudited special purpose interim consolidated financial statements were approved for issue by Board of Directors on September 03, 2024.



SONA BLW PRECISION FORGINGS LIMITED

Notes to the Unaudited Special Purpose Consolidated Financial statements for three months period ended 30th June 2023
(Figures in Million ₹, unless stated otherwise)

The accompanying policies and notes are an integral part of the unaudited special purpose interim consolidated financial statements.

For Walker Chandok & Co LLP
Chartered Accountants
Firm Registration No. : 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No: 517273



For and on behalf of the Board of Directors of
SONA BLW PRECISION FORGINGS LIMITED

S. Kapur

Sunjay Kapur
Non Executive Chairman
DIN: 00145529

Rohit Nanda

Rohit Nanda
Group Chief Financial Officer

Vivek Vikram Singh

Vivek Vikram Singh
Managing Director and
Group Chief Executive Officer
DIN: 07698995

Ajay Prasad Singh
Ajay Prasad Singh
Company Secretary
M.No. - FCS-5253

Place: New Delhi

Date: September 03, 2024

Place: Gurgaon

Date: September 03, 2024

GENERAL INFORMATION

1. Our Company was originally incorporated as “*Sona Okegawa Precision Forgings Limited*” at New Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated October 27, 1995, issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi and commenced operations pursuant to the certificate of commencement of business dated November 16, 1995, issued by the RoC. The name of our Company was changed to “*Sona BLW Precision Forgings Limited*” as approved by our shareholders by way of a resolution dated June 28, 2013, and a fresh certificate of incorporation dated July 23, 2013, consequent upon change of name was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi.
2. The Equity Shares are listed on BSE and NSE.
3. Our Company’s Registered and Corporate Office is located at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana - 122004, India.
4. The CIN of our Company is L27300HR1995PLC083037.
5. The website of our Company is www.sonacomstar.com.
6. Our Company Secretary and Compliance Officer is Ajay Pratap Singh. His contact details are as follows:
Address:
Sona Enclave
Village Begumpur Khatola
Sector 35, Gurugram
Haryana, India
Tel: +91 0124 4768200
E-mail: investor@sonacomstar.com
7. The authorized share capital of our Company as of the date of this Placement Document is ₹ 11,50,00,00,000 divided into 1,148,500,000 Equity Shares of face value of ₹ 10 each and 1,500,000 Preference Shares of face value of ₹ 10 each.
8. The Issue was authorized and approved by our Board of Directors on July 24, 2024, and approved by our Shareholders on August 30, 2024.
9. 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 September 4, 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.
10. 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.
11. No change in the control of our Company will occur consequent to the Issue.
12. Our Company has obtained material consents, approvals and authorizations required in connection with the Issue.
13. 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.
14. There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.
15. 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**” beginning on page 252.

16. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Ratings Limited as the Monitoring Agency for monitoring the utilization 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.
17. The Floor Price for the Issue is ₹ 699.01 per Equity Share, calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 9.01, being equivalent to a discount of 1.29% on the Floor Price, which is not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution dated September 9, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
18. Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

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.

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital (%) ^{*@^}
1	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND	1.65
2	AXIS FOCUSED FUND ACCOUNT	1.10
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	1.00
4	HDFC LIFE INSURANCE COMPANY LIMITED	0.86
5	SBI FOCUSED EQUITY FUND	0.85
6	GOVERNMENT PENSION FUND GLOBAL	0.85
7	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES	0.82
8	GOLDMAN SACHS FUNDS - GOLDMAN SACHS INDIA EQUITY PORTFOLIO	0.73
9	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	0.73
10	SBI AUTOMOTIVE OPPORTUNITIES FUND	0.60
11	AXIS MUTUAL FUND TRUSTEE LTD A/C AXIS MUTUAL FUND A/C AXIS FLEXI CAP FUND	0.54
12	SBI MAGNUM GLOBAL FUND	0.48
13	MIRAE ASSET LARGE & MIDCAP FUND	0.44
14	MIRAE ASSET MIDCAP FUND	0.41
15	UTI-MID CAP FUND	0.35
16	ABU DHABI INVESTMENT AUTHORITY - STABLE	0.33
17	MAX LIFE INSURANCE COMPANY LIMITED A/C REVERSIONARY BONUS PARTICIPATING - EQUITY	0.30
18	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO FLEXI CAP FUND	0.28
19	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO BLUE CHIP EQUITY FUND	0.27
20	KUWAIT INVESTMENT AUTHORITY FUND 227	0.26
21	ICICI PRUDENTIAL FLEXICAP FUND	0.26
22	NPS TRUST- A/C HDFC PENSION MANAGEMENT COMPANY LTD SCHEME E - TIER I	0.25
23	KUWAIT INVESTMENT AUTHORITY FUND F238	0.24
24	SBI INNOVATIVE OPPORTUNITIES FUND	0.21
25	FIAM GROUP TRUST FOR EMPLOYEE BENEFIT PLANS FIAM EMERGING MARKETS OPPORTUNITIES COMMINGLED POOL	0.21
26	ICICI PRUDENTIAL LARGE & MID CAP FUND	0.20
27	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS INDIA MANUFACTURING FUND	0.19
28	ASHOKA WHITEOAK ICAV - ASHOKA WHITEOAK INDIA OPPORTUNITIES FUND	0.19
29	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FLEXI CAP FUND	0.18
30	PUBLIC SECTOR PENSION INVESTMENT BOARD - IIFL ASSET MANAGEMENT LIMITED	0.17
31	FRANKLIN INDIA EQUITY ADVANTAGE FUND	0.16
32	BANDHAN FLEXI CAP FUND	0.16
33	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MULTICAP FUND	0.13
34	ROBECO CAPITAL GROWTH FUNDS	0.13

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital (%) ^{*@^}
35	WHITEOAK CAPITAL MID CAP FUND	0.12
36	BANDHAN CORE EQUITY FUND	0.12
37	UTI TRANSPORTATION AND LOGISTICS FUND	0.12
38	QUANT MUTUAL FUND - QUANT LARGE CAP FUND	0.12
39	ICICI PRUDENTIAL MIDCAP FUND	0.11
40	ABU DHABI INVESTMENT AUTHORITY - WAY	0.11
41	Max Life Insurance Company Limited A/c - ULIF01108/02/07LIFEGRWSUP104 - Growth S	0.11
42	RAMS INVESTMENT UNIT TRUST - INDIA EQUITIES PORTFOLIO FUND II	0.10
43	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE EQUITY HYBRID '95 FUND	0.09
44	UNIVERSITY OF NOTRE DAME DU LAC	0.08
45	FIDELITY GLOBAL INVESTMENT FUND-ASIA PACIFIC EQUITY FUND	0.08
46	NATIONAL PENSION SERVICE MANAGED BY BLACKROCK INSTITUTIONAL TRUST COMPANY, NA	0.08
47	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C - ADITYA BIRLA SUN LIFE TRANSPORTATION AND LOGISTICS FUND	0.08
48	FIDELITY CENTRAL INVESTMENT PORTFOLIOS LLC : FIDELITY EMERGING MARKETS EQUITY CENTRAL FUND	0.07
49	BNP PARIBAS FUNDS ENERGY TRANSITION	0.07
50	BNP PARIBAS FUNDS GLOBAL CLIMATE SOLUTIONS	0.06
51	UTI LARGE CAP FUND	0.06
52	GREATER INDIA PORTFOLIO	0.06
53	MAGNA UMBRELLA FUND PLC FIERA EMERGING MARKETS FUND	0.06
54	AL MEHWAR COMMERCIAL INVESTMENTS L.L.C. - (WHITING)	0.06
55	GP EMERGING MARKETS STRATEGIES, LP	0.06
56	NS PARTNERS GLOBAL EMERGING MARKETS EQUITY FUND	0.05
57	PRIVATE CLIENT EMERGING MARKETS PORTFOLIO	0.05
58	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO MID CAP FUND	0.05
59	BANDHAN MIDCAP FUND	0.05
60	WHITEOAK CAPITAL LARGE AND MID CAP FUND	0.05
61	EDELWEISS TRUSTEESHIP CO LTD AC- EDELWEISS MF AC- EDELWEISS AGGRESIVE HYBRID FUND	0.05
62	ASHOKA INDIA EQUITY INVESTMENT TRUST PLC	0.05
63	JM FINANCIAL MUTUAL FUND - JM MIDCAP FUND	0.05
64	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO MULTI CAP FUND	0.05
65	FLORIDA RETIREMENT SYSTEM - ALLSPRING GLOBAL INVESTMENTS, LLC (EMSC)	0.05
66	ALPS/KOTAK INDIA ESG FUND	0.05
67	360 ONE FLEXICAP FUND	0.05
68	BNP PARIBAS FUNDS EMERGING MARKETS CLIMATE SOLUTIONS	0.04
69	THE RAM FUND, LP	0.04
70	WHITEOAK CAPITAL FLEXI CAP FUND	0.04
71	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C - ADITYA BIRLA SUN LIFE ESG INTEGRATION STRATEGY FUND	0.04
72	INVESCO INDIA FLEXI CAP FUND	0.04
73	WHITEOAK CAPITAL MULTI CAP FUND	0.03
74	PUBLIC SECTOR PENSION INVESTMENT BOARD - KOTAK MAHINDRA ASSET MANAGEMENT (SINGAPORE) PTE LTD	0.03
75	RELIANCE GENERAL INSURANCE COMPANY LIMITED	0.03
76	MAX LIFE INSURANCE CO LTD A/C DIVERSIFIED EQUITY FUND (ULIF02201/01/20LIFEDIVEQF104)	0.03

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital (%) ^{*@^}
77	DUNHAM EMERGING MARKETS STOCK FUND	0.03
78	PRAGMA FUND SPC - EQUITIES SEGREGATED PORTFOLIO	0.03
79	INVESCO INDIA MANUFACTURING FUND	0.03
80	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC - WHITE OAK CAPITAL PARTNERS PTE LTD.	0.03
81	INDIA ACORN FUND LTD	0.02
82	CHANAKYA WEALTH CREATION FUND	0.02
83	NEW YORK STATE TEACHERS RETIREMENT SYSTEM-MANAGED BY GOLDMAN SACHS ASSET MANAGEMENT L.P.	0.02
84	PGGM WORLD EQUITY II B. V.	0.02
85	GREAT EASTERN LIFE-SINGAPORE LIFE INSURANCE FUND-PAR-LION GLOBAL EQUITY	0.02
86	ABS DIRECT EQUITY FUND LLC - INDIA SERIES 1	0.02
87	360 ONE BALANCED HYBRID FUND	0.02
88	BANDHAN HYBRID EQUITY FUND	0.02
89	KOTAK FUNDS - INDIA ESG FUND	0.01
90	Max Life Insurance Company Limited A/c - ULIF00225/06/04LIFEBALANC104 - Balanced Fund	0.01
91	INTERNATIONAL MONETARY FUND (IN RESPECT OF THE INTERNATIONAL MONETARY FUND STAFF RETIREMENT PLAN)	0.01
92	UTI-MASTER EQUITY PLAN UNIT SCHEME	0.01
93	EDELWEISS LIFE INSURANCE COMPANY LIMITED	0.01
94	ZUNO GENERAL INSURANCE LIMITED	0.01
95	WHITE OAK INDIA EQUITY FUND V	0.01
96	EDELWEISS TRUSTEESHIP CO LTD AC - EDELWEISS MF AC - EDELWEISS EQUITY SAVINGS FUND	0.01
97	THE TIFF KEYSTONE FUND LP	0.01
98	NS PARTNERS SUSTAINABLE GLOBAL EM FUND	0.01
99	ASHOKA WHITEOAK ICAV - ASHOKA WHITEOAK EMERGING MARKETS EQUITY FUND	0.01
100	FIDELITY INVESTMENT FUNDS IX - FIDELITY SOUTH EAST ASIA FUND	0.01
101	WHITE OAK INDIA SELECT EQUITY FUND	0.01
102	NPS TRUST- A/C HDFC PENSION MANAGEMENT COMPANY LTD SCHEME E - TIER II	0.01
103	TIFF GLOBAL EQUITY FUND, L.P.	0.01
104	WHITE OAK INDIA EQUITY FUND II	0.01
105	LION GLOBAL ASIA PACIFIC FUND	0.01
106	WHITE OAK INDIA EQUITY FUND VI	0.01
107	KOTAK INFINITY FUND - CLASS AC	0.01
108	ASHOKA WHITEOAK EMERGING MARKETS TRUST PLC	0.00
109	DENDANA INVESTMENTS (MAURITIUS) LIMITED	0.00
110	INTERNATIONAL MONETARY FUND (IN RESPECT OF THE INTERNATIONAL MONETARY FUND RETIRED STAFF BENEFITS INVESTMENT ACCOUNT)	0.00
111	NS PARTNERS EMERGING MARKETS EX CHINA EQUITY FUND	0.00
112	ASHOKA WHITEOAK ICAV - ASHOKA WHITEOAK INDIA ESG FUND	0.00
113	LIONGLOBAL INVESTMENT FUNDS - LIONGLOBAL INDIA FUND	0.00
114	GE PAR EQ AHY	0.00
115	BEST INVESTMENT CORPORATION MANAGED BY FIDELITY	0.00
116	LIONGLOBAL ASIA HIGH DIVIDEND EQUITY FUND	0.00
117	GET SHF EQ ADG LGI	0.00

^{*}Based on the beneficiary position as on September 6, 2024 (adjusted for Equity Shares Allocated in the Issue).

®The post-Issue shareholding (in percentage terms) of the proposed Allottees have been disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

^ Subject to Allotment in the Issue

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:

Authorized Signatory

Sunjay Kapur

Chairman and Non-Executive Director

DIN: 00145529

Date: September 9, 2024

Place: New Delhi

DECLARATION

We, the Board of Directors of the Company, certify that:

- (i) our Company has complied with the provisions of the Companies Act and the rules made thereunder;
- (ii) the compliance with the Companies Act and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and
- (iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

FOR AND BEHALF OF THE BOARD OF DIRECTORS:

Authorized Signatory

Sunjay Kapur

Chairman and Non-Executive Director

DIN: 00145529

Date: September 9, 2024

Place: New Delhi

I am authorized by the Fund Raising Committee, a committee constituted by the Board of Directors, *vide* resolution dated September 9, 2024 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Sunjay Kapur

Chairman and Non-Executive Director

DIN: 00145529

Date: September 9, 2024

Place: New Delhi

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 complied 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:

Authorized Signatory

Vivek Vikram Singh

Managing Director and Group Chief Executive
Officer

DIN: 07698495

Date: September 9, 2024

Place: New Delhi

DECLARATION

We, the Board of Directors of the Company, certify that:

- (iv) our Company has complied with the provisions of the Companies Act and the rules made thereunder;
- (v) the compliance with the Companies Act and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and
- (vi) 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:

Authorized Signatory

Vivek Vikram Singh

Managing Director and Group Chief Executive
Officer

DIN: 07698495

Date: September 9, 2024

Place: New Delhi

I am authorized by the Fund Raising Committee, a committee constituted by the Board of Directors, *vide* resolution dated September 9, 2024 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Vivek Vikram Singh

Managing Director and Group Chief Executive
Officer

DIN: 07698495

Date: September 9, 2024

Place: New Delhi

SONA BLW PRECISION FORGINGS LIMITED
CIN: L27300HR1995PLC083037

Registered and Corporate Office:
Sona Enclave, Village Begumpur Khatola
Sector 35, Gurugram, Haryana - 122004, India
Tel: +91 124 476 8200; **Website:** www.sonacomstar.com

Contact Person: Ajay Pratap Singh, Company Secretary and Compliance Officer
Email: investor@sonacomstar.com
Tel: +91 124 476 8200

BOOK RUNNING LEAD MANAGERS

JEFFERIES INDIA PRIVATE LIMITED

Level 16, Express Towers
Nariman Point, Mumbai 400 021
Maharashtra, India

JM FINANCIAL LIMITED*

7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi
Mumbai – 400 025, Maharashtra, India

** One of the Directors of our Company is also a director of JM Financial Limited and accordingly, JM Financial Limited is deemed to be an “associate” of our Company pursuant to Regulation 21A of the SEBI Merchant Banking Regulations. In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Banking Regulations, read with Regulation 174(2) of the SEBI ICDR Regulations, JM Financial Limited shall be involved only in the marketing of the Issue.*

STATUTORY AUDITORS

M/S WALKER CHANDIOK & CO LLP, CHARTERED ACCOUNTANTS

21st Floor, DLF Square Jacaranda Marg
DLF Phase II, Gurugram - 122 002
Haryana, India

LEGAL COUNSEL TO OUR COMPANY AS TO INDIAN LAW

SHARDUL AMARCHAND MANGALDAS & CO

216, Amarchand Towers
Okhla Industrial Estate Phase – III
New Delhi 110 020, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS AS TO INDIAN LAW

AZB & PARTNERS

AZB House,
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

LINKLATERS SINGAPORE PTE. LTD.

One George Street, #17-01
Singapore, 049145

SAMPLE APPLICATION FORM

An indicative format of the form is set forth below



SONA COMSTAR

SONA BLW PRECISION FORGINGS LIMITED

(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)

CIN: L27300HR1995PLC083037; Registered and Corporate Office: Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana - 122004, India; Telephone: +91 0124 4768200; Email: investor@sonacomstar.com; Website: www.sonacomstar.com; LEI Code: 335800LEL76GE6551Q27; ISIN: INE073K01018

Name of the Bidder: _____

Form No: _____

Date: _____

QUALIFIED INSTITUTIONS PLACEMENT OF 34,782,608 EQUITY SHARES OF FACE VALUE OF ₹10 EACH BY SONA BLW PRECISION FORGINGS LIMITED (THE “ISSUER” or “COMPANY”) (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 690 PER EQUITY SHARE, INCLUDING A PREMIUM OF ₹ 680 PER EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING UP TO ₹ 24,000 MILLION 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, AS AMENDED (THE “SEBI ICDR REGULATIONS”) (HEREINAFTER REFERRED TO AS THE “ISSUE”).

THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹699.01 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 in Regulation 2(1)(ss) of the SEBI ICDR Regulations and which: (a) are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) hold a valid and existing registration under the applicable laws in India (as applicable); (c) are not restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws (“Eligible QIBs”); are eligible to submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Foreign portfolio investors participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended (“FEMA Rules”), the SEBI FPI Regulations and any other applicable law (other than individuals, corporate bodies and family offices), that are eligible to participate in the Issue (“Eligible FPIs”). However, except as provided in (ii) above, other non-resident QIBs, in terms of the FEMA Rules, are not permitted to participate in the Issue. Further, in terms of the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended, foreign venture capital investors (“FVCIs”) are not permitted to participate in the Issue. Subject to (ii) above, in the United States, persons reasonably believed to be “qualified institutional buyers”, as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) may participate in the Issue. 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, 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. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”)) (“U.S. QIBs”) in transactions exempt from the registration requirements 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 made. There will be no public offering of the Equity Shares in the United States. You should note and observe the selling and transfer restrictions contained in the sections of the accompanying preliminary placement document dated September 4, 2024 (the “PPD”) titled “Selling Restrictions” and “Transfer Restrictions and Purchaser Representations” on pages 219 and 227 of the PPD.

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 READ WITH THE RESTRICTION SPECIFIED IN THE “ISSUE PROCEDURE” SECTION OF THE PPD, IN THE ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs IN THE COMPANY DOES 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. FVCI ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,
The Board of Directors
Sona BLW Precision Forgings Limited
 Sona Enclave, Village Begumpur Khatola
 Sector 35, Gurugram, Haryana - 122004, 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.*

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 PPD 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 Jefferies India Private Limited and JM Financial Limited (the "**Book Running Lead Managers**"), 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 Book Running Lead Managers; 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 Book Running Lead Managers; 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, Delhi and Haryana at New Delhi (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**” on pages 1, 4, 202, 219 and 227 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 Book Running Lead Managers, 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, Book Running Lead Managers 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 Book Running Lead Managers, 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 Book Running Lead Managers; (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 Book Running Lead Managers. 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 offered in the Issue 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 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) located within the United States and are “qualified institutional buyers” (as defined in Rule 144A under 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 upon Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read and agree with the representations, warranties and agreements contained in “**Selling Restrictions**” and “**Transfer Restrictions and Purchaser Representations**” on pages 219 and 227 of 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 REGISTRATION NUMBER: _____
FOR VCFs***	SEBI VCF REGISTRATION NUMBER: _____
FOR INSURANCE COMPANIES	IRDAI REGISTRATION NUMBER: _____
<p><i>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 Book Running Lead Managers.</i></p> <p><i>**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.</i></p> <p><i>***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.</i></p>	

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 Book Running Lead Managers 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 Securities 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 BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER BY 3:30 P.M. (IST), SEPTEMBER [•], 2024	
Name of the Account	SONA BLW PRECISION FORGINGS LTD QIP ESCROW A/C
Name of the Bank	HDFC Bank Limited
Address of the Branch of the Bank	No. B 7/3, Asaf Ali Road
Account Type	Escrow account
Account Number	57500001577452
IFSC	HDFC0000598

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 “SONA BLW PRECISION FORGINGS LTD QIP ESCROW A/C”. Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/ Issue Period, i.e., prior to the Bid/ Issue Closing Date. **The payment for subscription to the Equity Shares 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 Book Running Lead Managers 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		PRICE PER EQUITY SHARE (RUPEES)	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			

(In figures)	(In words)

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		FAX NO.	
EMAIL			

OTHER DETAILS		ENCLOSURES ATTACHED	
PAN*		Attested/ certified true copy of the following: <input type="checkbox"/> Copy of the PAN Card or PAN allotment letter <input type="checkbox"/> Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF/FPI <input type="checkbox"/> Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank <input type="checkbox"/> Copy of notification as a public financial institution <input type="checkbox"/> FIRC <input type="checkbox"/> Copy of IRDAI registration certificate <input type="checkbox"/> Intimation of being part of the same group <input type="checkbox"/> Certified true copy of Power of Attorney <input type="checkbox"/> Other, please specify	
Date of Application			
LEI			
Signature of Authorised Signatory (may be signed either physically or digitally)**			

**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 Book Running Lead Managers.*
- (3) The duly filed Application Form along with all enclosures shall be submitted to the Book Running Lead Managers 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 electronic 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.