

# Management Discussion and Analysis

## INDUSTRY OVERVIEW

Global light vehicle sales were around 81 million units in 2021. Although the automotive industry sales recovered from the lows of Covid-affected quarters, it was still far behind the peak of ~94 million units in 2018. The automotive industry faced multiple supply-side disruptions that depressed global vehicle production, particularly in the second half of the year. The emergence of new Covid-19 variants and the geopolitical conflict in Europe compounded the supply-side challenges caused by the global semiconductor shortage. Wide-scale vaccination across the globe has helped the resumption of economic activities from the pandemic-induced restrictions, thus supporting the demand for new vehicles across the markets.

The automotive industry is in the midst of a transformational phase. Global megatrends such as evolving competitive landscape, electrification of powertrain, growing digitalisation and supply chain recalibration, are transforming the mobility industry at an unprecedented pace.

## EVOLVING COMPETITIVE LANDSCAPE

The competitive realm of the automotive industry is shifting away from traditional classifications based on legacy, established production systems or geographical factors. Due to the convergence of multiple new technologies, the sector has witnessed a plethora of new entrants and new business models.

The industry now comprises the legacy brands, leading contenders from the globalization era and new technology companies. The automakers have reset the production lines to incorporate software, data and cloud as crucial elements of the final product, and the road has opened up for platforms and partnerships in the sector as participants bring varied, but complementary strengths to the table.

The basis of competition in the industry has shifted from cost-leadership and manufacturing excellence to leadership through technology and design excellence, complimented by mass customisation, which marks the current competitive frontier. As a result, the leading contenders in the global industry today comprise players with vastly differing origins.

## ELECTRIFICATION

While the automotive industry had to navigate through various uncertainties in recent years, a sustained trend has been the accelerated adoption of EVs. Rising awareness regarding climate change, regulatory guidelines with regards to stringent emission and fuel economy norms, consumer preferences to reduce CO2 emissions, coupled with favourable government policies and fiscal support, are expected to drive the growth of electric vehicles over the foreseeable future.

As per IEA's Global Electric Vehicle Outlook 2022, sales of electric cars – battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) – nearly doubled year on year to 6.6 million in 2021, accounting for >8% of total light-vehicle sales. It increased from 4.0% in 2020 and from merely 0.9% in 2016. While EVs, including plug-in hybrids, remain a small market, executives and experts expect an aggressive ramp-up over the next decade. CY 2021 marked an inflection point in the electrification trend as BEV volumes have achieved critical mass, and nearly all major automakers have announced or indicated a pivot to electric vehicles.

By 2025, IEA expects global electric vehicle sales to reach ~15 million, accounting for ~15% of global light-vehicle sales by volume. By 2030, IEA expects global electric vehicle sales to cross 27 million, accounting for ~22% of light-vehicle sales.

## GROWING DIGITALISATION

Technological advancements and rapid digitalisation have enhanced all vehicle life cycle stages, including R&D, design, production and on-road performance. Digitalisation drives higher process efficiency and has resulted in increased performance and safety. Customers' expectations have increased significantly, and the features and functions that a vehicle must offer, have become increasingly relevant, as they have started viewing vehicles as digital objects which are connected and need to integrate with other products in their environment. Therefore, the digital business models is becoming extremely significant to automakers.

Scalable central computing clusters, embedded artificial intelligence (AI) capabilities and connected experiences, delivered through tech ecosystems will characterise the future vehicle architectures. New automotive applications and services will leverage such technology to communicate road conditions, improve ride experiences and improve machine efficiencies and performance. Alongside digitalisation, the development of assisted and autonomous driving remains a crucial factor for the future of mobility. New paradigms in user experience and service offerings are clearly around the corner.

## RECALIBRATION IN SUPPLY CHAINS

The pandemic brought to the fore challenges within the supply chain. The supply chain issues including a global shortage of semiconductor chips, which resulted in historically-low vehicle inventories and drove record pricing, amid resilient consumer demand and shift towards higher-value models, as automakers rationalised available supply towards premium products. Along with mass customisation, this may serve as a reset towards a lower sales channel inventory model for the industry.

## INDUSTRY OUTLOOK

The outlook for 2022 is of continued recovery in vehicle sales, principally led by a gradual easing of supply-side constraints, particularly the availability of semiconductors. IHS Automotive expects the global light vehicle sales to reach ~80.4mn in 2022, but supply and demand issues, coupled with the ongoing pandemic risks, may cause hindrance to auto industry's recovery throughout the year.

## COMPANY OVERVIEW

Sona BLW Precision Forgings Limited was incorporated in 1995 as Sona Okegawa Precision Forgings Limited in New Delhi, India. In 2013, the company was renamed as Sona BLW Precision Forgings Limited. After the acquisition of Comstar Automotive Technologies Private Limited in 2019, the Combined Entity has a new brand identity - Sona Comstar.

Sona Comstar is among India's leading automotive technology companies. It designs, manufactures and supplies highly-engineered, mission-critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across the US, Europe, India and China, for both electrified and non-electrified powertrain segments.

The Company has nine manufacturing and assembly facilities located across India, USA, Mexico and China, of which six are located in India. The facilities in India (Chennai), China, Mexico and USA manufacture conventional and micro/plug-in hybrid starter motors and BLDC/PMSM traction motors. The plants in Gurugram, Manesar and Pune (India) manufacture differential gears, differential assemblies and other gears. While the facilities in India are manufacturing plants, the facilities in the US, Mexico and China operate as satellite final assembly plants.

The company is a global supplier and around 76% of its revenues are from international sales. It is also one of the leading suppliers for battery electric vehicles, with 25% of its revenues being derived from the BEV market.

With a strong focus on research and development ("R&D"), it develops mechanical and electrical hardware systems and components, along with base and application software solutions, to meet the evolving demands of its customers. It is one of the few companies globally possessing the ability to design high-power density EV systems, handling high torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications, thereby enabling EV manufacturers to enhance the vehicle range, acceleration and overall efficiency.

It is a technology- and innovation-driven company, which is guided by an experienced Board of Directors and a professional management team with expertise in the automotive industry and a proven track record.

With product offerings spanning all types of conventional and electrified powertrains, the Company is one of the few automotive technology manufacturers that are well-positioned to capitalise from the conventional platforms and evolving high-growth industry trend of electrification.

## OPPORTUNITIES

### "Electrification" - Capturing market opportunity in the growing EV space

The global trend toward electrification of vehicles continues to expand. Today, Sona Comstar's product offerings in all types of electrified powertrains, places it attractively to leverage the mega-market opportunity of the emerging and high growth EV business. Its commitment and focus on ESG will continue to increase as it plans to expand its EV revenue share. As of 31<sup>st</sup> March 2022, it had 30 EV programme awards across 19 unique customers. As part of its growth strategy, the Company plans to increase its market share in both the Indian and overseas markets by catering specifically to EV OEMs across both of its product lines:

- **EV geartrain components:** Anticipating the overall market shift towards electric mobility, it has developed its EV geartrain components, such as differential assemblies, differential gears and transmission gears, with core design features that meet the demand of increasing vehicle electrification such as high-power density, improved fuel efficiency and reduced weight. The Company has been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018. The consistent efforts undertaken by the Company to grow in this segment have enabled it to garner new business awards and strengthen its position to compete in the global marketplace. The Company remains confident of benefiting from the growing shift towards electrified drivetrains by further increasing its customer base and expanding its share of business with existing EV customers.
- **EV traction motors and motor control units:** With the growing market shift towards electrification of vehicles, the demand for hybrid and battery electric PVs, electric two-wheelers and three-wheelers are growing rapidly in India and globally. As the Company already designs and manufactures traction motors and motor control units for electric vehicles, with PMSM motors for EV and hybrid PVs and BLDC & PMSM motors for electric two-wheelers

## Management Discussion and Analysis

and electric three-wheelers, it is well-positioned to benefit from the expected growth in the Indian EV market across all vehicle categories. It also pioneered the launch and commenced the supply of BLDC motors for Indian electric two-wheelers and three-wheelers in November 2020. As part of its growth strategy to establish market leadership in the Indian EV segment, it aims to increase its customer penetration and acquire new customers for its traction motors and controllers.

### Increasing market share globally

- Achieving significant global share from existing systems and components:** Sona Comstar has increased its global market share of differential gears and starter motors to 6.3% and 4.6%, respectively, in CY 2021, and from 5.0% and 3.0%, respectively, in CY 2020, as per the data from the Ricardo Report. As part of the strategy, the Company intends to penetrate the European market by supplying differential assemblies and differential gears, where it currently has a limited market share for its driveline products. It also plans to expand its presence in China to supply its micro/plug-in hybrid starter motors for PVs and LCVs and 48V BSG systems for hybrid PVs, as it expects to benefit from China's growing position as a leading market for EV manufacturers. As part of its growth strategy, the Company set up an assembly plant in China in 2015 and Mexico in 2017 in order capture a higher market share in the Chinese and North American markets.
- Benefiting from the industry trend towards multi-axle vehicle drives:** According to the CRISIL Report, the automotive industry across the globe is experiencing an increased market preference for multiple axle vehicles in PVs, CVs and tractors. A gradual shift in demand towards four-wheel-drive vehicles, particularly in the utility vehicle segment, is projected to result in higher per-vehicle gear content. It expects this trend to increase the demand for its differential gears significantly and aims to achieve its growth objectives by capitalising on this shift in market preference for multiple axle vehicles.
- Benefiting from integrated powertrain systems in EVs:** Today, it is among the limited number of players who are well placed to combine its motor and driveline capabilities to offer a compelling value proposition to its EV customer base. Integrated drive units have three key components namely, differential assembly, high voltage traction motors and high voltage inverters. Since it already manufactures electric drive motors and inverters for electric 2-wheelers and hybrid PVs, as well as differential assemblies for battery electric passenger vehicles, it is placed uniquely to integrate the three key constituents of the electric powertrain into a single matched unit, offering an efficient and compact solution to EV OEMs.

### Continue to focus on R&D to develop new and innovative systems and components

With its deep emphasis on R&D and innovation, it aspires to enhance and adopt newer technologies consistently. The Company has developed extensive in-house capabilities to develop embedded systems, application softwares and integration capabilities to offer its customers a complete solution. The strong in-house capabilities of the Company have also enabled it to deliver evolving green technologies for future mobility.

Additionally, the Company aims to capture the growth trend in revenue realisation per vehicle through increasing electrification by continuously investing in R&D to develop and deliver new and innovative systems and components.

Although the core of its strategy is to continue achieving growth organically through investment in its technological capabilities, business development skills and customer relationships, the Company will continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances, that would provide it with complementary technologies that have a similar financial profile.

### THREATS, CONCERNS AND RISKS

The company has a strong mechanism to anticipate and manage risks. The Company's robust systems, processes, standards, code of conduct, organisational structure and appropriate review mechanisms enable it to conduct its business and actively monitor, manage and mitigate potential risks.

The business of the company is susceptible to certain risks and uncertainties arising from the following factors:

#### Escalation of geopolitical uncertainty

The Company's business is dependent on the performance of the automotive sector globally, including key markets such as the US, Europe, India and China. The Company has operations in multiple countries that can be impacted by expected and unexpected changes in the legal and regulatory environments in which it operates. Additionally, by having its business operations across the globe, any geopolitical instability in these countries or regions could impact the company and challenge its overall performance.

#### Volatility in key Raw Materials

The Company's business could be affected by commodity price volatility which could affect the overall cost of manufacturing operations of the firm. Though it has adequate mechanisms to monitor and manage various market risks, the effects of changes in commodity prices cannot always be predicted, hedged or offset with price increases to eliminate the impact on the Company's overall profitability.

### Risk from a potential disruption due to COVID-19 or any other pandemic or event of similar nature

The Company operates globally and can be affected by unprecedented general crises like the Covid-19 pandemic. This pandemic led to a significant downturn in the global economy and substantial curtailment of business activities worldwide. There remains a possibility that this crisis or a similar public health threat, could substantially affect the businesses' financial condition and operations.

### Change in regulations and industry trends

The automotive industry is subject to environmental and other regulations, and therefore any adverse impact on the industry in general and the Company's customers, due to any change in such rules, can affect its business. Further, there has been a gradual shift in the industry from pure ICE-dependent vehicles. An acceleration in this trend will have adverse effects on the ICE-dependent business of the Company.

### Risk mitigation, internal control systems and their adequacy

The Company believes that effective management of the existing and emerging risks is vital for realising its objectives. The Company has a well-covered risk management framework that works at different levels across the institution. The Company's internal control systems are regularly tested for design, implementation and operating effectiveness. Overall, the Company has a robust risk management framework, that enables is to effectively manage and report on risks.

### Outlook

The Financial Year 2021-22 would be remembered for its challenges in the form of supply-side disruptions in the automobile industry. Additionally, the emergence of subsequent waves of the pandemic, with varied intensity and duration across the globe, also impacted the industry.

Various industry reports and experts anticipate the chip shortage issue to improve going ahead. The Company is better equipped to handle the challenges from any subsequent wave of the Covid-19 pandemic.

Over the years, the Company has widened its offerings to focus on the electrification trend sweeping the automotive landscape. The Company has fortified its R&D capabilities and has built an experienced and able team with expertise in its focus areas. It serves large-scale global OEMs and Tier-1 customers and boasts a rich track record of delivering high-quality automotive systems and components for EV and conventional powertrains.

Growth in the EV segment and global market share would be the cornerstones of the Company's growth strategy. Electrification is likely to gain further traction, and projections by renowned industry publications indicate an acceleration in the customer preference for electric vehicles due to multiple factors such as

improved infrastructure, reduced cost of ownership and fiscal incentives over the foreseeable future. The Company remains confident that it is well-positioned to gain from this megatrend.

Overall, the Company is well placed to meet the automotive industry's near-term challenges and continue to generate sustainable long-term value for its stakeholders.

## FINANCIAL OVERVIEW

### Consolidated Income Statement Summary

Particulars	(INR million)		
	Consolidated		
	FY22	FY21	YoY (%)
Net Revenue from operations	21,306	15,663	36%
Operating Expenditure	15,715	11,253	40%
EBITDA	5,591	4,410	27%
Other Income	200	23	755%
Finance Cost	183	325	-44%
Depreciation	1,420	969	46%
Adjusted PBT*	4,189	3,139	33%
PBT	4,322	3,000	44%
Tax	706	848	-17%
PAT	3,615	2,152	68%
EPS (Diluted)	6.2	3.8	66%

\*Adjusted PBT is PBT plus exceptional expense or minus exceptional income

### Revenues from operations

The consolidated revenue in Financial Year 2021-22 grew by 36% over Financial Year 2020-21. The BEV revenue registered a growth of 145%, whereas the non-BEV revenue grew by 20% on a year-on-year basis despite a decline of ~4% in Sona BLW's key markets of Europe and USA.

### Expenses

The total expenses registered a year-on-year increase of 38% at INR 17,318 million in Financial Year 2021-22 compared to INR 12,547 million during Financial Year 2020-21.

Expenditure Break-up	(INR million)				
	FY22	% of Total Income	FY21	% of Total Income	YoY change (FY22vs. FY21)
Material Cost*	9,456	44%	6,453	41%	47%
Employee Cost	1,689	8%	1,474	9%	15%
Finance Cost	183	1%	325	2%	(44%)
Depreciation	1,420	7%	969	6%	46%
Other Expenses	4,571	21%	3,325	21%	37%
<b>Total Expenses</b>	<b>17,318</b>	<b>81%</b>	<b>12,547</b>	<b>80%</b>	<b>38%</b>

\*Material Cost includes the cost of materials consumed and changes in inventories of finished goods and work-in-progress

### Material cost

The cost of materials consumed primarily includes the cost of raw materials, such as special steel alloy bars, iron castings, steel blanks and bolts, for the manufacturing of differential gears, differential assemblies, steel forgings, copper enamelled

## Management Discussion and Analysis

wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other proprietary parts for manufacturing starter motors and BLDC motors. Material cost accounted for 44% and 41% of total income for FY 2021-22 and FY 2020-21, respectively. Material cost increased due to the increase in raw material prices and favourable impact of the product mix of sales .

### Employee benefit expenses

Employee benefit expenses primarily include salaries, wages, bonus paid to employees and employee welfare expenses. This increased by 15% to INR 1,689 million in FY 2021-22 from INR 1,474 million in FY 2020-21, due to increase in number of employees because of increased scale of operations and annual increments paid to employees during the period.

### Finance costs

Finance costs decreased by 44% to INR 183 million in FY 2021-22 from INR 325 million in FY 2020-21. The decrease is primarily due to the repayment of long-term borrowings from IPO proceeds.

### Depreciation and amortisation expense

Depreciation and amortisation expense increased by 46% to INR 1,420 million in FY 2021-22 from INR 969 million in FY 2020-21. Increase in depreciation was on account of additions in property, plant & equipment, and increase in amortization is due to the full year impact of intangibles under development for BSG and BLDC, capitalised in the fourth quarter of FY 2020-21.

### Other expenses

Other expenses primarily comprise manufacturing, administrative, 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, among others..

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

Other expenses remained unchanged at 21% of the total income in FY 2021-22.

### Exceptional items

Exceptional Item of INR (133) million during FY 2021-22, represents the recovery of IPO-related expenses incurred by the company until 31<sup>st</sup> March, 2021, from the selling

shareholder. During FY 2020-21, exceptional item of INR 139 million represents the IPO-related expenses incurred by the Company until 31<sup>st</sup> March, 2021, which was charged to our profit and loss account.

### Tax expense

Our tax expense was lower by INR 142 million at INR 706 million in FY 2021-22 compared to INR 848 million in FY 2020-21. It was because of a certain one-time tax adjustments during Fiscal 2022.

### EBITDA, PBT and PAT

EBITDA for FY 2021-22 increased to INR 5,591 million from INR 4,410 million in FY 2020-21 and Adjusted PBT for FY 2021-22 increased to INR 4,189 million from INR 3,139 million in FY 2020-21. PAT for FY 2021-22 increased to INR 3,615 million from INR 2,152 million in FY 2020-21.

The table below reflects the cash and debt position of the company.

	(INR million)	
Key Financial Ratios (Standalone)	FY22	FY21
Long-Term Borrowing	438	1,907
Short term borrowing	266	1,740
<b>Total Debt</b>	<b>704</b>	<b>3,647</b>
Cash & Cash equivalent and other bank balances	773	276
Net Debt	(69)	3,371

The Company's total debt stood at INR 704 million as of 31<sup>st</sup> March, 2022, compared to INR 3,647 million as on 31<sup>st</sup> March, 2021. The net cash and cash equivalents available with the Company as on 31<sup>st</sup> March, 2022, were INR 773 million and the net debt amounted to negative INR 69 million.

### Key Financial Ratios

The key financial ratios of the company are given as below:

Key Financial Ratios (Standalone)	FY22	FY21
EBITDA margin* (%)	26.2%	28.2%
PAT Margin** (%)	17.0%	13.7%
Net Debt to Equity***	0.00	0.24
Net Debt to EBITDA***	(0.01)	0.76
Return on Equity (%)	36.3%	34.6%
Return on Capital employed (%)	32.4%	36.1%
Working Capital Turnover	3.9	3.9
Current Ratio***	2.5	1.8

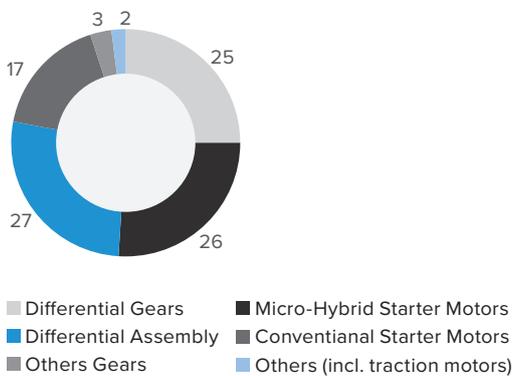
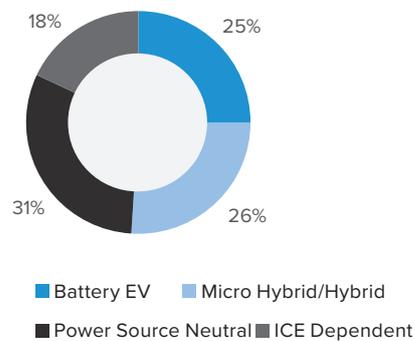
\*FY 2021-22 EBITDA margin is 200 bps lower due to net effect of adverse impact of increase in raw material prices, lower forex gain and favourable impacts of the product mix & operating leverage .

1) \*\*FY 2021-22 PAT margin registered an increase of 330 bps on a Y-o-Y basis despite lower EBITDA margin. This is due to lower finance cost because of IPO proceeds and lower tax because of certain one-time tax adjustments.

2) \*\*\*Net debt has decreased due to IPO proceeds

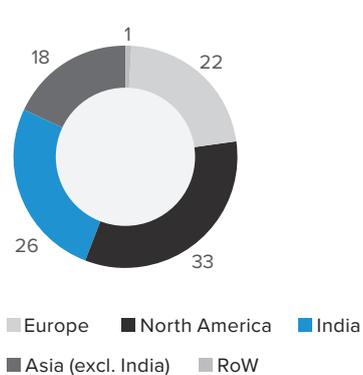
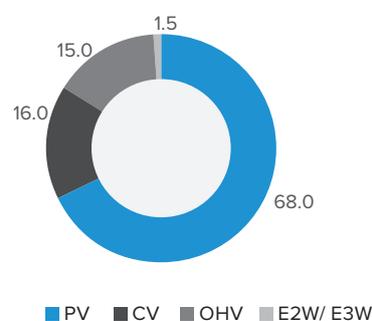
**Basis of calculation of the ratios:**

- Net Debt to Equity is calculated as Total Debt less Cash and cash equivalents/ Equity
- Net Debt to EBITDA is calculated as Short-term & long-term debt less Cash & bank balances / EBITDA
- ROE (%) is calculated as PAT/ Average tangible net worth
- ROCE (%) is calculated as EBIT/ Average tangible capital employed
- Working Capital Turnover calculated as Revenue/ Average net working capital
- Current Ratio is calculated as Current Asset/ Current Liabilities

**SEGMENT - WISE OR PRODUCT - WISE PERFORMANCE****Diversified Presence across Product Categories and Powertrain Segment****Revenue Mix, by Product - FY22****Revenue Mix, by Powertrain - FY22**

With regards to product segments, 25% of FY 2021-22 revenues came from differential gears, 26% from micro-hybrid starter motors, 27% came from differential assembly, and 17% from conventional starter motors.

In terms of powertrain, Battery EV contributed to 25% of FY 2021-22 revenues, micro hybrid/hybrids contributed around 26%, and power source neutral and ICE accounted for 31% and 18%, respectively.

**Diversified presence across geographies and automotive segments****Revenue Mix, by Geography - FY22****Revenue Mix, by Vehicle Segment - FY22**

## Management Discussion and Analysis

Being a global supplier, 74% of the revenues of Sona Comstar was dependent upon geographies outside India and remaining 26% from India. Key regions for the Company are North America (~33%, Europe (~22 %), India (26%) and Asia , excluding India (18%).

In terms of vehicle segments, Passenger Vehicles (PV) contributed 68% of FY 2021-22 sales, off highway vehicles contributed 15% and Commercial Vehicle (CV) contributed 16%.

### HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company has always believed that the commitment, motivation and skills of its employees are key ingredients for its success. The Company's employees form an important aspect of everything that the organisation does, and their contribution in the Company's journey will always be essential towards achieving organisational goals.

Over the years, the firm has implemented human resource policies, which supports the business in achieving sustainable and responsible growth by creating a conducive work environment for its employees.

The Company is able to attract the best talent due to its inclusive culture and the immense opportunities available for nurturing their talent. It provides utmost importance to its human capital and efficient and comprehensive management of its human resources is a key focus area. The people strategy is aligned with the company's overall ambition to be a pioneering technology leader in the global auto industry.

Apart from building progressive policies, the focus is on creating an inclusive work culture and building a strong talent pipeline. Persistent attention is given towards providing an inclusive environment to promote diversity in gender, age and culture, including opportunities for global mobility, also form a part of the proactive plan to manage talent in key function areas.

Another significant area of focus is to train and create significant learning opportunities for its workforce. Therefore, efforts to develop workforce and build the right capabilities in the organisation is being consistently undertaken by the Company.

It has also undertaken various measures, including implementation of policies for career enhancement to professional levels for operators, industry relations policies to improve employee and employer relationship and hiring of trainees and temporary manpower to meet its requirements.

Additionally, the Company strongly believes that the hard work of its people should be rewarded to further improve motivation and engagement levels of its employees. During the year,, it

undertook necessary initiatives to reward its people with proper recognition for their positive efforts towards their job.

For the Company, these initiatives have helped them to maintain an excellent track record of harmonious industrial relations. The industrial relations of the Company remained cordial and peaceful during the year under review. The total employee strength of the company stood at 3,555 employees, comprising of 1,311 on-roll and 2,244 off-roll employees as on 31<sup>st</sup> March, 2022.

#### Awards & Rewards Program

The Company undertakes various initiatives to recognise and reward its employees under various employee related aspects like agility, vitality and frugality and integrity.

During the year gone by, the Company undertook multiple initiatives to recognise employee contributions such as the 'On the Spot Awards', 'Star of the Month', 'Star of the Year', 'Suggestion scheme', 'ROWE Star program'. It believes that such initiatives encourages its employees, but also enables the company to instil a sense of ownership and betterment in the areas of work of their employees.

#### Employee engagement

The Company believes in actively engaging with its employees to keep them motivated, aligned and to provide an appropriate framework within which would allow them perform as per their potential.

During FY2021-22, the Company actively participated in over 100+ internal and external competitions. Also, a considerable amount of encouragement has been given to internal and external process improvement competitions like Kaizen, Poka-yoke, 5S and TQM, among others.

As an organisation, it values its employee's association with the Company. It recognises employees who have stayed with the Company for a considerable amount of time and rewards for them for their loyalty. The Company believes that a long tenure shows a gesture of trust and goes a long way to positively drive the organisation to achieve its milestones.

The Company also gives utmost importance to keep the work environment engaging by conducting employee engagement programmes every month. Additionally, regular events like Women's Day celebration, birthday celebrations, safety meetings and regular meetings with mid-level leaders, senior Management and CEO.

#### Learning and development

The Company organises a number of learning and development initiatives for its employees. During FY 2021-22, 116+ training programmes, 85 free online learning courses and other

department-specific training programmes like 'Nachi Robotics', 'Design of High Voltage Electric motors', 'Inverters for EV' and 'HEV Applications' and 'SIX Sigma', among others, were conducted.

Necessary initiatives are consistently undertaken to equip the employees with new resources and learnings by conducting specialised training as well as various tailor-made specialised skill-set programmes. The Company believes that these initiatives would go a long way to assist the Company to have a well-equipped talent pool / pipeline for the future.

The Company gives utmost importance to the safety, health and well-being of its employees. During FY 2022, executive health check-ups and health camps were organised to promote the physical well-being of the employees. Additionally, the HR team undertook initiatives to connect with the employees and their families to support them help them cope with the Covid-induced challenges.

## CAUTIONARY STATEMENT

Some of the statements in this management discussion and analysis that describe the company's objectives, projections, estimates, and expectations may contain certain 'forward looking statements' which are within the meaning of applicable laws and regulations. Actual results could differ from those expressed or implied. There are a variety of factors which may cause real events or trends to vary significantly from those reflected or implied by these forward-looking statements and predictions. The company assumes no responsibility to publicly amend, modify or revise any such statements. The company disclaims any obligation to update these forward-looking statements except as may be required by law.