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.

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
Impairment of goodwill and brands having indefinite useful life (together 'intangibles') 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. 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 The brands were recognised pursuant to Company acquiring SONA Intellectual property rights and all intellectual property rights thereto from SONA Management Services Limited. 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'). 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. 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. 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.	Our audit procedures included: 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 h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment testing of definite life intangible assets 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. 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'). 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. 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 as a key audit matter for the current year's audit.	Our procedures included, but were not limited to the following: 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; b) Obtained 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 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: 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) 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.

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.
- 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.

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:

a) 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;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c) The consolidated 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;

d) 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;

e) 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.

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:

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.

v. 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.

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 Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Membership No.: 517273

UDIN: 23517273BGTXLF3604

Place: New Delhi

Date: 03 May 2023

Annexure I

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

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 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 Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Membership No.: 517273

UDIN: 23517273BGTXLF3604

Place: New Delhi

Date: 03 May 2023

Consolidated Balance Sheet

as at 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	Note No.	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**
Current liabilities			
Financial liabilities			
(i) Borrowings	16 (ii)	1,687.94	266.20
(ii) Lease liabilities	43	117.92	111.76
(iii) Trade payables	20		
- 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
(iv) Other financial liabilities	17	786.42	877.98
Other current liabilities	21	243.67	222.17
Provisions	18	68.39	105.61
Current tax liabilities (net)	22	108.09	61.60
Total current liabilities		**5,501.77**	**3,835.07**
Total liabilities		**7,696.25**	**5,954.63**
Total equity and liabilities		**30,598.25**	**25,957.60**
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 Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: May 03, 2023

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
Membership No. FCS 5253

Place: Gurugram
Date: May 03, 2023

Consolidated Statement of Profit and Loss

for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	Note No.	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			
Items that will not be reclassified to profit or loss			
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
Items that will be reclassified to profit or loss			
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.	1 to 56		

This is the consolidated statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & 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
Membership No. FCS 5253

Place: New Delhi
Date: May 03, 2023

Place: Gurugram
Date: May 03, 2023

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
Adjustments for:		
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)**

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
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 liabilitiy ₹ 77.51 million (March 31 2022 : ₹ 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
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 Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Arun Tandon
Partner
Membership No.: 517273

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
Membership No. FCS 5253

Place: New Delhi
Date: May 03, 2023

Place: Gurugram
Date: May 03, 2023

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 1st April 2021	**5,729.80**
Equity share issued during the year	113.73
Balance as at 31st March 2022	**5,843.53**
Equity share issued during the year	10.52
Balance as at 31st 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**

Consolidated Statement of Changes in Equity

for the year ended 31st March 2023

(Figures in Million ₹, unless stated otherwise)

	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 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 refered to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Sona BLW Precision Forgings Limited

Arun Tandon
Partner
Membership No.: 517273

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
Membership No. FCS 5253

Place: New Delhi
Date: May 03, 2023

Place: Gurugram
Date: May 03, 2023

(Figures in Million ₹, unless stated otherwise)

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%
Comenergia 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).

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

Notes

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)

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.

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 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 amortisation 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation 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 amortisation 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 amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

Notes

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)

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 rec ognised 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.

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.

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

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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)

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.

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 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

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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)

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.

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:

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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)

- 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.

t) 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.

u) 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.

v) 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.

w) 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

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:

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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)

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 can be utilised. 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 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.

(Figures in Million ₹, unless stated otherwise)

4 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

Property, plant and equipment	Freehold land	Buildings (Refer note i)	Plant and equipment (Refer note ii)	Furniture and fixtures	Office Equipment	Computers	Vehicles	Leasehold improvement	Total	Capital work-in-progress	Right-of-use assets		
											Leasehold land (refer note (iii) & (iv)	Building	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	-	10.67	-	-	8.47	8.47
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	4.43	(0.33)	0.01	0.32	0.33	-	4.98	-	-	2.56	2.56
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	-	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.

Notes

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)

CWIP aging schedule as at 31st March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	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 ecceeded its cost compared to its original plan.

CWIP aging schedule as at 31st March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	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 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:

(i) 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.

(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 ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.

(v) Refer note 16 for information on property, plant and equipment pledged as security by the company.

(vi) Property, plant and equipment, Capital work-in-progress include gross assets amounting to ₹ 550.14 million (March 31 2022 : ₹ 349.46 million) relating to development.

(vii) 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.

Notes

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)

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 31st March, 2023

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
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 31st March, 2022

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
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.

(i) Intangible assets and Intangible assets under development include gross assets amounting to ₹ 1,354.24 million (March 31 2022 : ₹ 1,141.99 million) relating to development.

Notes

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)

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	-
113,032.72units (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**

i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 33 and 34

(Figures in Million ₹, unless stated otherwise)

8 INCOME TAX ASSETS (NET)

Non current	As at 31st March 2023	As at 31st March 2022
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)

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)

Notes

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)

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).

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	3884.76	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 ₹ 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 maturiry of less than twelve months	257.28	236.46
Total other bank balances	**257.28**	**236.46**

(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	5729.81
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%	-

Notes

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)

(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 alloted 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 preceeding the year ended 31 March 2023.

v) Promoters shareholding

Shareholding of promoters as on 31st March, 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)**

Shareholding of promoters as on 31st March, 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	-	-

(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: Tranferred 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 years, 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.

Notes

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)

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.

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)
Add: Transferred from ESOP reserve 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.

(Figures in Million ₹, unless stated otherwise)

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.

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 ₹ 400.00 million (31 March 2022 : ₹ 350.00 million) is repayable in 12 quarterly instalments starting from October 2023.

b) Term loan from Citi bank amounting to ₹ 87.50 million (31 March 2022 : ₹ 100.00 million) is repayable in 16 quarterly instalments w.e.f. December 2022.

c) Term loan from Citi bank amounting to ₹ 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.).

Notes

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) 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 ₹ 7.67 million (31 March 2022 : ₹ 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 ₹ 11.54 million (31 March 2022 : ₹ 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 ₹ 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 2022 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.

(iii) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cash flows')

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 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

(Figures in Million ₹, unless stated otherwise)

	Long term borrowings	Short term borrowings	Leases	Total
Other movement	(0.01)	6.73	6.74	13.46
Balance As at 31 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 31 March 2023	**587.50**	**1,587.18**	**777.22**	**2,951.89**

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**

Notes

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)

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

Provision for Compensated Absences	31st March 2023	31st March 2022
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	31st March 2023	31st March 2022
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

	Opening Balance	Recognised in the 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

	Opening Balance	Recognised in the 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 ₹ 143.94 million (31 March 2022: ₹ 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.

(Figures in Million ₹, unless stated otherwise)

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 March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(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 March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 year	
(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**

Notes

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)**

Notes

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)

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**

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

Notes

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)

	For the year ended 31st March 2023	For the year ended 31st March 2022
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 expense	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 ₹ 155.71 million had been recorded under the head other income.

(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.

Notes

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)

i) Assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3
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**	**-**
As at 31st March 2022			
Foreign exchange forward contracts- asset	-	29.49	-
Current 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.

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.

(Figures in Million ₹, unless stated otherwise)

(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 Company 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	Categorisation 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 31st March 2023	As at 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

Notes

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)

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.

(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

	31st March 2023	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:

(Figures in Million ₹, unless stated otherwise)

Contractual maturities of financial liabilities:

	Less than 1 year	1 to 5 years	More than 5 years	Total
31 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
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	473.28	797.57	1,382.61
Total	**3,472.31**	**952.72**	**797.57**	**5,222.60**

(C) 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:

	31st March 2023	31st March 2022
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	31st March 2023	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, net of tax

Notes

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) 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	31st March 2023	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 (₹)	31st March 2023	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/other 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

	31st March 2023	31st March 2022
Outstanding forward contracts as at the reporting date (Million USD)- Receivable	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	-

(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 2021: 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, 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.

	31st March 2023	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

Notes

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)

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.

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
Total	**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**

(Figures in Million ₹, unless stated otherwise)

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	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
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

(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

Notes

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)

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
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

(Figures in Million ₹, unless stated otherwise)

Transactions	For the year ended 31st March 2023	For the year ended 31st March 2022
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

**** Break 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 ₹ 10,000

(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

Notes

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)

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.

38 EARNINGS PER SHARE

	31st March 2023	31st March 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
Bonus shares issued during the year	-	-
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:

	31st March 2023	31st March 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**

(Figures in Million ₹, unless stated otherwise)

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**

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
(iv)	Benefit payments from plan assets	(7.27)	(5.77)
(v)	Actuarial gain/(loss) on plan assets	1.18	0.89
	Fair value of plan assets	**256.70**	**225.65**

V Net assets / liabilities

Notes

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)

	For the year ended 31st March 2023	For the year ended 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.

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	
	For the year ended 31st March 2023	For the year ended 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)*

	For the year ended 31st March 2023	For the year ended 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

(Figures in Million ₹, unless stated otherwise)

	For the year ended 31st March 2023	For the year ended 31st March 2022
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 employement. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age

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 officier (AY-2011-12)**	2.14	4.21
	Income Tax Appellate Tribunal restored the matter with the Jurisdictional Ld. Assessing officier (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 Compay 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.

Notes

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)

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 :

	As at 31st March 2023	As at 31st March 2022
Export obligation pending	3,203.19	4,429.60

41 CAPITAL COMMITMENTS

	As at 31st March 2023	As at 31st March 2022
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	986.48	758.69

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**

(Figures in Million ₹, unless stated otherwise)

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%)	(393.15)
Total	**100%**	**20,002.97**	**100%**	**3,615.43**	**100%**	**28.70**	**100%**	**3,644.13**

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

Notes

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)

	As at 31st March 2023	As at 31st March 2022
	777.22	**807.78**

v) Future minimum lease payments are as follows:

Minimum lease payments due	**As at 31st March 2023**		
	Lease payments	**Finance charges**	**Net present values**
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**

Minimum lease payments due	**As at 31st March 2022**		
	Lease payments	**Finance charges**	**Net present values**
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:-

	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

	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**

(Figures in Million ₹, unless stated otherwise)

Revenue from operations	For the year ended 31st March 2023	For the year ended 31st March 2022
Revenue (timing)		
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

	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 insginificant discounts offered by the Company to its customers for the year ended 31 March 2023 ₹ 0.42 million (31 March 2022: ₹ 0.43 million)

(d) Contract assets

	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**

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

Notes

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)

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:

	31st March 2023	31st March 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

(Figures in Million ₹, unless stated otherwise)

	31st March 2023	31st March 2022
Money realised by exercise of options (in ₹ million)	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.

46 INTANGIBLE ASSETS 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 ₹ 3,009.49 million (March 31st 2022 : ₹ 3,276.56 million).

Notes

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)

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. 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 hybrid starter motor (BSG technology) carrying amount to exceed its recoverable amount. Carrying value as on 31st March 2023 is ₹ 228.30 million (March 31st 2022 : ₹ 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 ₹ 335.40 million (March 31st 2022 : ₹ 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.

(Figures in Million ₹, unless stated otherwise)

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.

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		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)	Loss on foreign exchange
	-	-	(1164.94)	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 forcast sales, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arised in the hedges have been disclosed in above table.

Notes

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) 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)
Balance as at 31st March 2023	**12.78**

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 ₹ 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.

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

(Figures in Million ₹, unless stated otherwise)

(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.

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 Receivable	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 Receivable	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 Receivable	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)

Notes

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)

55 Previous year's figures has been regrouped and/ or reclassed 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 Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: May 03, 2023

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
Membership No. FCS 5253

Place: Gurugram
Date: May 03, 2023

Form No. AOC-1

(Figures in Million ₹, unless stated otherwise)

1	Name of the subsidiary	Comstar Automotive Technology Services Private Limited	Comstar Automotive USA LLC	Comstar Automotive Hong Kong Ltd	Comestel Automotive Technologies Mexicana Ltd	Comstar Automotive (Hangzhou) Co., Ltd	Comstar Hong Kong Mexico No. 1, LLC	Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.	Sona Comstar eDrive Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st Mar,2023	31st Mar,2023	31st Mar,2023	31st Mar,2023	31st Mar,2023	31st Mar,2023	31st Mar,2023	31st Mar,2023	31st Mar,2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	USD - 82.17	USD - 82.17	USD - 82.17	RMB - 11.9475	USD - 82.17	MXN - 4.53882	MXN - 4.53882	INR
4	Share capital	1.30	13.68	121.00	0.01	156.83	-	0.07	114.79	15.00
5	Reserves & surplus	80.78	746.64	(105.19)	414.79	(39.82)	-	(11.18)	36.03	(1.06)
6	Total assets	10.28	772.55	96.71	669.36	262.32	-	167.23	195.90	14.08
7	Total liabilities	5.85	127.24	237.81	369.35	145.31	-	178.34	45.08	0.14
8	Investments	77.64	114.99	156.91	114.79	-	-	-	-	-
9	Turnover (incl. forex gain/loss)	47.45	1,699.66	-	1,242.55	307.98	-	384.79	-	-
10	Profit/ (Loss) before taxation	37.08	369.01	(6.36)	205.36	(40.81)	-	3.34	14.44	(0.21)
11	Provision for taxation	9.31	86.24	-	-	0.25	-	1.08	7.87	-
12	Profit/ (Loss) after taxation	27.76	282.77	(6.36)	205.36	(41.07)	-	2.26	6.57	(0.21)
13	Proposed Dividend									
14	% of shareholding	100%	100%	100%	100%	100%	100%	99%	99%	100%

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

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Company Secretary
Membership No. FCS 5253

Place: Gurugram
Date: May 03, 2023